

**SALDANHA BAY MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended**  
**30 JUNE 2008**

SALDANHA BAY MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended  
30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 60, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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H Snyders  
Municipal Manager

29 August 2008  
\_\_\_\_\_  
Date

## **SALDANHA BAY MUNICIPALITY**

### **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

#### **OTHER INFORMATION**

Nature of Business	Saldanha Bay Municipality is a local municipality performing the functions as set out in the Constitution.(Act no 105 of 1996).
Country of Origin and Legal Form	South African local municipality as defined by the Municipal Structures Act (Act no 117 of 1998)
Directors	H Snyders      Municipal Manager N van Stade    Executive Director: Corporate Services R Groenewald   Executive Director: Technical Services A Hendricks    Executive Director: Social and Economic Services
Principal Bankers	Current Account (Primary Bank Account): Standard Bank - Cheque Account - Vredenburg Branch Account Number 08 243 7238 Address: Main Street, Vredenburg
Auditors	Office of the Auditor General Private Bag X1, Chempet, 7442
Attorneys	Utilise attorneys in the municipal area
Relevant Legislation	Municipal Finance Management Act (Act no 56 of 2003) Division of Revenue Act The Income Tax Act Value Added Tax Act Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Municipal Planning and Performance Management Regulations Water Services Act (Act no 108 of 1997) Housing Act (Act no 107 of 1997) Municipal Property Rates Act (Act no 6 of 2004) Electricity Act (Act no 41 of 1987) Skills Development Levies Act (Act no 9 of 1999) Employment Equity Act (Act no 55 of 1998) Unemployment Insurance Act (Act no 30 of 1966) Basic Conditions of Employment Act (Act no 75 of 1997) Supply Chain Management Regulations, 2005 Collective Agreements Infrastructure Grants SALBC Leave Regulations

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**SALDANHA BAY MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008**

	Note	2008 R	2007 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		758 837 483	362 224 848
Housing Development Fund	1	35 451 936	34 259 197
Capital replacement reserve		137 288 351	99 321 665
Capitalisation reserve		14 943 386	25 907 538
Government grant reserve		70 366 859	57 665 683
Donations and public contribution reserves		1 545 554	1 545 554
Self-insurance reserve		2 203 053	2 278 346
COVID reserve		0	-
Revaluation reserve		294 625 299	-
Accumulated Surplus/(Deficit)		202 413 045	141 246 864
<b>Non-current liabilities</b>		72 057 363	75 198 182
Long-term liabilities	2	63 482 786	65 564 577
Provisions	5.2	3 074 577	4 133 605
Non-current provisions	3	5 500 000	5 500 000
<b>Current liabilities</b>		76 416 427	77 412 516
Consumer deposits	4	8 659 807	7 636 799
Leave Liability	5.1	4 826 784	4 178 518
Creditors	5	31 197 998	28 180 912
Unspent conditional grants and receipts	6	22 857 065	22 752 375
VAT	7	-	4 626 320
Short-term loans		-	-
Bank overdraft	14	-	-
Current portion of long-term liabilities	2	8 874 773	10 037 593
<b>Total Net Assets and Liabilities</b>		<b>907 311 273</b>	<b>514 835 546</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		549 340 669	235 421 237
Property, plant and equipment	10	547 122 798	232 326 865
Investment property		-	-
Investments		-	-
Long-term receivables	8	2 217 871	3 094 371
<b>Current assets</b>		357 970 604	279 414 310
Inventory	9	3 009 492	3 217 966
Consumer debtors	11	35 754 775	31 638 823
Unpaid conditional grants	12	18 686 846	19 238 759
VAT	7	4 573 410	7 858 557
Current portion of long-term receivables	8	195 526	250 654
Call investment deposits	13	265 000 000	195 000 000
Bank balances and cash	14	30 737 481	22 196 477
Cash advances: floats		13 074	13 074
<b>Total Assets</b>		<b>907 311 273</b>	<b>514 835 546</b>

**SALDANHA BAY MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 R	2007 R
<b>REVENUE</b>			
Property rates	15	76 800 170	63 224 438
Property rates - penalties imposed and collection charges		4 790 523	2 100 960
Service charges	16	185 590 899	180 086 649
Rental of facilities and equipment		8 250 262	7 602 685
Interest earned - external investments		28 364 968	17 935 326
Interest earned - outstanding debtors		2 455 386	2 545 480
Fines		1 903 424	1 935 036
Licences and permits		14 207 204	798 292
Income for agency services		2 367 851	2 252 578
Government grants and subsidies	17	40 039 073	53 290 524
Other income	32	28 069 972	16 469 881
Public contributions and donations		326 760	2 773 069
Gains on disposal of property, plant and equipment		2 837 734	807 320
<b>Total Revenue</b>		<b>396 004 227</b>	<b>351 822 237</b>
<b>EXPENDITURE</b>			
Employee related costs	18	88 383 575	81 630 075
Remuneration of Councillors	19	4 896 035	5 150 910
Bad debts		12 238 092	371 272
Collection costs		-	-
Depreciation		33 733 645	18 633 751
Repairs and maintenance		15 621 425	16 442 617
Interest paid	20	6 999 910	7 939 355
Bulk purchases	21	74 033 015	69 531 797
Contracted services		2 318 398	1 310 639
Grants and subsidies paid	22	10 762 061	22 662 900
General expenses		62 784 555	37 650 833
Loss on disposal of property, plant and equipment		175 190	-
Housing Schemes Top Structures written out		5 078 106	3 893 665
Other written out		1 961 871	
<b>Total Expenditure</b>		<b>318 985 876</b>	<b>265 217 814</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>77 018 351</b>	<b>86 604 423</b>
<b>Share of surplus/(deficit) of associate accounted for under the equity method</b>		<b>-</b>	<b>-</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>77 018 351</b>	<b>86 604 423</b>
Refer to Appendix E(1) for the comparison with the approved budget.			

**SALDANHA BAY MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008**

	<u>Housing Dev Fund</u>	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contribution Reserve</u>	<u>Self- Insurance Reserve</u>	<u>COID Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R	R	R	R	R	R	R
<b>2007</b>										
Balance at 1 July 2006	42 001 232	83 650 945	35 869 272	35 831 716	1 545 554	2 364 193	-	-	68 795 678	270 058 590
Change in accounting policy (note 35)	-	-	-	-	-	-	-	-	-	-
Correction of error	-	-	-	-	-	-	-	-	-	-
<b>Restated balance</b>	<b>42 001 232</b>	<b>83 650 945</b>	<b>35 869 272</b>	<b>35 831 716</b>	<b>1 545 554</b>	<b>2 364 193</b>	<b>-</b>	<b>-</b>	<b>68 795 678</b>	<b>270 058 590</b>
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-	84 842 434	84 842 434
Transfer of Provision for Bad Debts	-	-	-	-	-	-	-	-	1 353 669	1 353 669
Transfer to CRR	-	45 825 273	-	-	-	-	-	-	-45 825 273	-
Property, plant and equipment purchased	-	(30 154 553)	-	-	-	-	-	-	30 154 553	-
Capital grants used to purchase PPE	-	-	-	28 885 135	-	-	-	-	-28 885 135	-
Donated/contributed PPE	-	-	-	(2 136 956)	-	-	-	-	2 136 956	-
Transfer to CR	-	-	-	-	-	-	-	-	0	-
Contribution to Insurance Reserve	-	-	-	-	-	-	-	-	0	-
Insurance claims processed	-	-	-	-	-	(85 847)	-	-	85 847	-
Transfer to/(from) Housing Development Fund	(7 742 035)	-	-	-	-	-	-	-	7 742 035	-
Asset disposals	-	-	-	-	-	-	-	-	0	-
Offsetting of depreciation	-	-	(9 961 734)	(4 914 211)	-	-	-	-	14 875 945	-
<b>Balance at 30 June 2007</b>	<b>34 259 197</b>	<b>99 321 665</b>	<b>25 907 538</b>	<b>57 665 683</b>	<b>1 545 554</b>	<b>2 278 346</b>	<b>-</b>	<b>-</b>	<b>135 276 710</b>	<b>356 254 694</b>
<b>2008</b>										
Correction of error	-	-	-	-	-	-	-	-	-	-
Change in accounting policy(note 10)	-	-	-	-	-	-	-	-	5 970 153	5 970 153
<b>Restated balance</b>	<b>34 259 197</b>	<b>99 321 665</b>	<b>25 907 538</b>	<b>57 665 683</b>	<b>1 545 554</b>	<b>2 278 346</b>	<b>-</b>	<b>-</b>	<b>141 246 864</b>	<b>362 224 847</b>
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-	77 018 351	77 018 351
Transfer of Provision for Bad Debts	-	-	-	-	-	-	-	-	-	-
Transfer to CRR	-	70 390 468	-	-	-	-	-	-	-70 390 468	-
Property, plant and equipment purchased	-	(32 423 782)	-	-	-	-	-	-	32 423 782	-
Add transfers to CRR	-	-	-	-	-	-	-	-	19 566 035	19 566 035
Add transfers to/(from) Housing Dev Fund	-	-	-	-	-	-	-	-	-1 586 591	(1 586 591)
Capital grants used to purchase PPE	-	-	-	21 473 521	-	-	-	-	-21 473 521	-
Donated/contributed PPE	-	-	-	-	-	-	-	-	-	-
Transfer to CR	-	-	-	-	-	-	-	-	-	-
Transfer to Revaluation Reserve	-	-	-	-	-	-	-	301 614 842	-	301 614 842
Contribution to Insurance Reserve	-	-	-	-	-	-	-	-	-	-
Insurance claims processed	-	-	-	-	-	(75 293)	-	-	75 293	-
Transfer to/(from) Housing Development Fund	1 192 740	-	-	-	-	-	-	-	(1 192 740)	-
Asset disposals	-	-	-	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	(10 964 151)	(8 772 346)	-	-	-	(6 989 543)	26 726 040	-
<b>Balance at 30 June 2008</b>	<b>35 451 937</b>	<b>137 288 351</b>	<b>14 943 387</b>	<b>70 366 859</b>	<b>1 545 554</b>	<b>2 203 053</b>	<b>-</b>	<b>294 625 299</b>	<b>202 413 045</b>	<b>758 837 484</b>

**SALDANHA BAY MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 R	2007 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		-	-
Cash paid to suppliers and employees		-	-
Cash generated from/(utilised in) operations	23	102 474 573	79 659 087
Interest received		28 364 968	17 935 326
Interest paid		(6 999 910)	(7 939 355)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>123 839 632</b>	<b>89 655 058</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(46 846 385)	(60 055 384)
Proceeds on disposal of property, plant and equipment		2 837 734	807 320
(Increase) / Decrease in investment properties		-	-
(Increase)/decrease in non-current receivables		931 627	8 012 324
(Increase) / Decrease in non-current investments		-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(43 077 024)</b>	<b>(51 235 739)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		(3 244 611)	(9 216 248)
Increase / (Decrease) in consumer deposits		1 023 007	684 064
Increase / (Decrease) in short-term loans		-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(2 221 603)</b>	<b>(8 532 184)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>78 541 004</b>	<b>29 887 135</b>
Cash and cash equivalents at the beginning of the year	24	217 209 551	187 322 416
Cash and cash equivalents at the end of the year	24	295 750 555	217 209 551
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>78 541 004</b>	<b>29 887 135</b>



## **SALDANHA BAY MUNICIPALITY**

### **ACCOUNTING POLICY FOR THE YEAR ENDED 30 JUNE 2008**

#### **1. Summary of significant accounting policies for the year ended 30 June 2008**

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

##### **1.1 Basis of preparation**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):*

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):*

- *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.*

## **1.2 Presentation currency**

These annual financial statements are presented in South African Rand.

## **1.3 Going concern assumption**

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

## **1.4 Segmental reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segments).*

## **1.5 Foreign currency transactions**

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

## **1.6 Housing Development Fund**

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

## **1.7 Reserves**

### **1.7.1 Capital Replacement Reserve ( CRR)**

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. The total interest earned on all the CRR investments of the municipality is transferred to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- If a gain or loss is made on the sale of assets the gain or loss on the sale of assets is reflected in the Statement of Financial Performance. The full proceeds on the sale of all PPE are transferred to the CRR.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- The contribution to the CRR by the relevant votes will be based on the previous year's cost price of the fixed assets controlled by that votes. The Council has three strategic votes as defined by the Municipal Finance Management Act, 2003 (Act 56 of 2003).
- The Council determines annually to contribute between 8% and 12% of the previous year's own income to the CRR.
- The current year's contribution may only be utilised for financing of capital expenditure in the following year.

### **1.7.2 Capitalisation Reserve**

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **1.7.3 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **1.7.4 Public Contributions and Donations Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **1.7.5 Revaluation Reserve**

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings are revalued every four years. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on

current values, are credited or charged to the Statement of Financial Performance.

#### **1.7.6 Self Insurance Reserve**

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

- *Contributions to the fund by Business Units are transferred via the Statement of Changes in Net Assets to the reserve in line with amounts budgeted for in the operating budget. The contributions to the reserve are charged to the Business Units based on the previous year's insured value of the assets under their control.*
- The Council determines annually to contribute between 0.1% and 0.5% of the previous year's own income to the Self Insurance Reserve...
- *The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self Insurance Reserve.*
- Claims received from external insurers are recognised as revenue in the Statement of Financial Performance.
- Claims received to meet repairs of damages on assets are reflected as income in the statement of financial performance.
- Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected in the Statement of financial performance. An amount equal to the expense is transferred from the Insurance Reserve to the Unappropriated Surplus via the Statement of changes in net assets.
- Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance Reserve to the Unappropriated Surplus account via the Statement of Changes in Net Assets.

#### **1.8 Financial Instruments**

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

## **1.9 Leases**

### **1.9.1 Lessee Accounting**

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]*

### **1.9.2 Lessor Accounting**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## **1.10 Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

### **1.11 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

### **1.12 Provisions**

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

### **1.13 Employee Benefits**

#### **(a) *Pension obligations***

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated bi-annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in

which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**(b) Post Retirement Medical obligations**

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

**(c) Long Service awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries at year-end and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries is charged against the Statement of Financial Performance as employee benefits upon valuation.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) – (q)]*

**1.14 Trade Payables (Creditors)**

Trade payables and other receivables are originally carried at fair value and subsequently remeasured at amortised cost using the effective interest method



### **1.15 Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

### **1.16 Unutilised Conditional Grants**

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

### **1.17 Value Added Tax**

The Council accounts for Value Added Tax on the cash basis.

### **1.18 Property Plant and Equipment**

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed every four years when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	<b>Years</b>		<b>Years</b>
<b>1 Infrastructure</b>		<b>2 Other</b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
		Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):*

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

### **1.19 Investment Property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):*

- *The entire standard to the extent that property is accounted for in terms of GAMAP 17.*
- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]*

### **1.20 Intangible Assets**

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 129 (Intangible Assets):*

- *The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.*

### **1.21 Impairment of Tangible and Intangible Assets**

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount

exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.*

## **1.22 Financial Assets**

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

### **(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

### **(b) Investment in Associate**

An associate is an entity over which the Municipality is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/(deficits) less any dividends received.

Where the Municipality or its Municipal Entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where the Municipality is no longer able to exercise significant influence over the associate the equity method of accounting is discontinued.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**(c) *Investment in Municipal Entities***

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.*

**(c) *Interests in Joint Ventures***

A joint venture is a contractual arrangement whereby the Municipality and other parties undertake an economic activity that is subject to joint control. Interests in joint ventures are stated at cost.

*Jointly Controlled Operations*

The Municipality recognises the assets that it controls, the liabilities and expenses that it incurs as well as its share in the revenue that it earned from the sale or provision of goods or services by the joint venture.

*Jointly Controlled Assets*

The Municipality's share of the jointly controlled assets and liabilities is recognised in the statement of financial position and is classified according to their nature. Revenue from the sale or use of the Municipality's share of the output of the jointly controlled assets, and its share of the expenses incurred is recognised in the statement of financial performance.

*Jointly Controlled Entities*

Interests in jointly controlled entities are stated at cost.

## **1.23 Inventories**

Consumable stores, raw materials, work in progress and finished goods are valued at the lower of cost, determined on the weighted average cost basis, and net realisable value.

Cost of inventories comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventories to its present location and condition.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):*

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*
- *The entire standard to the extent that it relates to water stock that was not purchased by the municipality.*

#### **1.24 Trade and other Receivables**

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. The provision for bad debts is based on all debtors older than 90 days. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Bylaw. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

#### **1.25 Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than one year, and bank overdrafts.

#### **1.26 Revenue Recognition**

Service charges relating to Electricity and Water are based on consumption. Meters are read and billed on a monthly basis and revenue is recognized when billed. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognized as revenue when billed. Adjustments to estimates of consumption are made in the billing period when meters have been read. These adjustments are recognized as revenue in the billing period.

Sewerage charges are levied and billed on an annual basis based on the municipality's Tariff Policy.

Refuse charges are levied and billed on a monthly basis based on the municipality's Tariff Policy.

Various services are provided on a prepayment basis in which case no formal billing takes place and revenue is accrued when received.

Income in respect of housing rental and instalments are accrued monthly in advance.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield

on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

### **Revenue from non-exchange transactions**

Revenue from rates is recognized, net of rebates granted, when the legal entitlement to this revenue arises. A Differential Rating system is applied. In terms of this system assessment rates are levied on the land and improvements value of property and rebates are granted subject to certain conditions. A composite rating system charging different rate tariffs for different categories of ratepayers is employed.

Collection charges are recognized when such amounts are legally enforceable.

Interest on outstanding debtors is recognized on a time proportionate basis and is charged on all outstanding debtors older than 30 days.

Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is only recognised when collected by the Courts and paid over to the Municipality. Due to the various legal processes that can apply to summonses and the inadequate information received from the Courts, it is not possible to measure this revenue when the summons is issued.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):*

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

### **Conditional Grants and Receipts**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):*

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

### **1.27 Related parties**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### **1.28 Unauthorised Expenditure**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.29 Irregular Expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in



the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.30 Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.31 Rounding**

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

	2008 R	2007 R
<b>1 HOUSING DEVELOPMENT FUND</b>		
Housing Development Fund	35 451 937	34 259 197
Unappropriated Surplus	35 451 937	34 259 197
Loans extinguished by Government on 1 April 1998	-	-
The Housing Development Fund is represented by the following assets and		
Property, plant and equipment	-	-
Housing selling scheme loans	-	-
Other Debtors	10 539 475	3 908 204
Unauthorised use of cash for other purposes	-	-
Bank and cash	25 069 906	30 549 138
Sub-total	35 609 382	34 457 342
Creditors	(157 445)	(198 145)
<b>Total Housing Development Fund Assets and Liabilities</b>	<b>35 451 937</b>	<b>34 259 197</b>

**2 LONG-TERM LIABILITIES**

Local Registered Stock Loans	-	-
Annuity Loans	72 258 798	75 048 859
Capitalised Lease Liability	98 761	553 311
Sub-total	72 357 559	75 602 170
Less : Current portion transferred to current liabilities	(8 874 773)	(10 037 593)
Local Registered Stock Loans	-	-
Annuity Loans	(8 788 397)	(9 582 577)
Capitalised Lease Liability	(86 376)	(455 015)
Government Loans : Other	-	-
<b>Total External Loans</b>	<b>63 482 786</b>	<b>65 564 577</b>

The capitalised lease liability is secured over the item of infrastructure leased.

The future payments on the leases are as follows:

	Within 1 Year	Rest of period
Interest Payments	18 837	4 456
Redemption	86 376	12 385
	105 213	16 841

More information on Appendix "A"

**3 NON-CURRENT PROVISIONS**

Provision for reclamation of refuse landfill site	500 000	500 000
Provision for Post Retirement Benefits	5 000 000	5 000 000
	-	-
<b>Total Non-Current Provisions</b>	<b>5 500 000</b>	<b>5 500 000</b>

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 116 (Employee Benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (paragraphs 29, 48-119, 120A(c) – (q))*

The Municipality has started to accumulate provisions in order to prepare to fully comply with its commitments over a period of time which is encompassed in a business plan.

### 3 NON-CURRENT PROVISIONS

The movement in the non-current provisions are reconciled as follows: -

#### 30 June 2008

	R	R
	<u>Landfill</u>	<u>Post retirement Benefits</u>
Balance at beginning of year	500 000	5 000 000
Contributions to provision	-	-
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
<b>Balance at end of year</b>	<b>500 000</b>	<b>5 000 000</b>

#### 30 June 2007

	R	R
Balance at beginning of year	500 000	5 000 000
Contributions to provision	-	-
Expenditure incurred	-	-
Increase in provision due to discounting	-	-
Transfer to current provisions	-	-
<b>Balance at end of year</b>	<b>500 000</b>	<b>5 000 000</b>

### 4 CONSUMER DEPOSITS

	2008 R	2007 R
Electricity	5 069 896	4 323 187
Water	3 589 911	3 313 612
Interest	-	-
<b>Total Consumer Deposits</b>	<b>8 659 807</b>	<b>7 636 799</b>

**Guarantees held in lieu of Electricity and Water Deposits**

<b>674 468</b>	<b>636 060</b>
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### 5 CREDITORS

	2008 R	2007 R
Trade creditors	26 927 170	24 402 352
Unallocated Creditors	2 958 167	2 166 048
Control Account	1 130 924	1 422 619
Deposits: Other	181 737	189 893
Other creditors	-	-
<b>Total Creditors</b>	<b>31 197 998</b>	<b>28 180 912</b>

#### 5.1 LEAVE LIABILITY

Staff leave	<b>4 826 784</b>	<b>4 178 518</b>
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#### 5.2 PROVISIONS

Annual Bonus	2 892 912	3 263 172
Performance bonus	5 778	337 636
Long service Bonus	175 887	532 797
	<b>3 074 577</b>	<b>4 133 605</b>

	2008 R	2007 R
<b>6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>6.1 Conditional Grants from other spheres of Government</b>	21 413 561	21 349 542
Conditional Government Grants	21 413 561 -	21 349 542 -
<b>6.2 Other Conditional Receipts</b>	1 443 504	1 402 834
Public contributions	- 1 443 504	- 1 402 834
<b>Total Conditional Grants and Receipts</b>	<b>22 857 065</b>	<b>22 752 375</b>

See Note 17 for reconciliation of grants from other spheres of government. These amounts are invested until utilized

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):*

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

## 7 VAT

VAT payable (Output)	-	<b>4 626 320</b>
VAT receivable (Input)	<b>4 573 410</b>	<b>7 858 557</b>

VAT is payable on the receipts basis. Only when payment is received from debtors, VAT is paid over to SARS.

## 8 LONG-TERM RECEIVABLES

Other	33 789	34 250
Sport Clubs	24 935	24 935
Sale of Land	106 809	110 553
Vehicle loans	107 750	413 788
Housing selling scheme loans	2 140 114	2 761 500
	2 413 398	3 345 025
Less : Current portion transferred to current receivables	<b>195 526</b>	<b>250 654</b>
Car loans	97 358	135 260
Sewerage connection loans	-	-
Electricity appliance purchase scheme	-	-
Housing selling scheme loans	98 169	115 394
<b>Total</b>	<b>2 217 871</b>	<b>3 094 371</b>

## 9 INVENTORY

Consumable stores – at cost	2 946 796	3 118 066
Water – at cost	62 696	99 900
<b>Total Inventory</b>	<b>3 009 492</b>	<b>3 217 966</b>

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):*

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*
- *The entire standard to the extent that it relates to water stock that was not purchased by the municipality.*

11 CONSUMER DEBTORS	R	R	R
	Gross Balances	Provision for Bad Debts	Net Balances
<b>As at 30 June 2008</b>			
Service debtors	81 765 112	-	81 765 112
Rates	16 823 505	-	16 823 505
Electricity	5 791 123	-	5 791 123
Water	25 033 424	-	25 033 424
Refuse removal	12 901 958	-	12 901 958
Debtpack	-	-	-
Sewerage	12 742 592	-	12 742 592
Sundry Debtors - Billing System	8 472 511	-	8 472 511
Housing	9 586 428	-	9 586 428
Sub Total	<b>91 351 541</b>	-	<b>91 351 541</b>
<b>Note:</b> Debtors Paid in advance ("unallocated credits") netted off in Age Analysis below but excl. in Debtors above as it is shown under Creditors (See Note 5)			
Sundry Debtors - Other	19 145 556	-	19 145 556
Current debtors (Consumers and other)	-	(74 742 322)	(74 742 322)
<b>Total</b>	<b>110 497 097</b>	<b>(74 742 322)</b>	<b>35 754 775</b>
<b>As at 30 June 2007</b>			
Service debtors	64 603 368	-	64 603 368
Rates	12 256 312	-	12 256 312
Electricity	5 436 910	-	5 436 910
Water	19 548 266	-	19 548 266
Refuse removal	10 125 718	-	10 125 718
Debtpack	-	-	-
Sewerage	10 337 858	-	10 337 858
Sundry Debtors - Billing System	6 898 304	-	6 898 304
Housing	9 829 082	-	9 829 082
Sub Total	<b>74 432 450</b>	-	<b>74 432 450</b>
<b>Note:</b> Debtors Paid in advance ("unallocated credits") netted off in Age Analysis below but excl. in Debtors above as it is shown under Creditors (See Note 5)			
Sundry Debtors - Other	19 713 723	-	19 713 723
Current debtors (Consumers and other)	-	(62 507 350)	(62 507 350)
<b>Total</b>	<b>94 146 173</b>	<b>(62 507 350)</b>	<b>31 638 823</b>

	2008 R	2007 R
The following amount was written off as bad debts during the year	-	371 272

**Rates: Ageing**

Current (0 – 30 days)	3 119 268	2 992 979
31 - 60 Days	510 376	387 769
61 - 90 Days	428 378	374 066
91 - 120 Days	401 613	466 714
121 - 365 Days	4 593 290	2 535 486
+ 365 Days	7 421 029	5 499 298
<b>Total</b>	<b>16 473 955</b>	<b>12 256 312</b>

**Levy Debtors: Ageing**

Current (0 – 30 days)	12 144 649	11 232 249
31 - 60 Days	1 372 552	1 383 881
61 - 90 Days	1 324 516	1 306 863
91 - 120 Days	1 200 698	986 644
121 - 365 Days	8 572 909	6 916 465
+ 365 Days	32 165 604	23 586 193
<b>Total</b>	<b>56 780 928</b>	<b>45 412 295</b>

SALDANHA BAY MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
<b><u>Other Debtors: Ageing</u></b>		
Current (0 – 30 days)	(1 949 686)	(1 472 634)
31 - 60 Days	149 879	300 348
61 - 90 Days	950 501	85 118
91 - 120 Days	120 563	33 952
121 - 365 Days	996 950	1 043 664
+ 365 Days	5 240 980	4 743 336
<b>Total</b>	<b>5 509 188</b>	<b>4 733 784</b>

<b><u>Housing rentals: Ageing</u></b>		
Current (0 – 30 days)	336 044	(2 148)
31 - 60 Days	18 692	60 171
61 - 90 Days	27 184	4 036 083
91 - 120 Days	19 002	22 398
121 - 365 Days	393 956	262 688
+ 365 Days	8 775 797	5 412 695
<b>Total</b>	<b>9 570 676</b>	<b>9 791 887</b>

**Summary of Debtors by Customer Classification**

**30 June 2008**

	<b><u>Consumers</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>
	R	R	R
Current (0 – 30 days)	7 629 742	5 437 803	582 730
31 - 60 Days	1 702 391	318 081	31 027
61 - 90 Days	2 353 392	329 035	48 153
91 - 120 Days	1 351 122	286 154	104 600
121 - 365 Days	11 049 351	2 608 711	899 043
+ 365 Days	48 828 307	4 057 223	717 881
Sub-total	72 914 305	13 037 006	2 383 435
Less: Provision for bad debts	-	-	-
<b>Total debtors by customer classification</b>	<b>72 914 305</b>	<b>13 037 006</b>	<b>2 383 435</b>

**Summary of Debtors by Customer Classification**

**30 June 2007**

	<b><u>Consumers</u></b>	<b><u>Industrial/ Commercial</u></b>	<b><u>National and Provincial Government</u></b>
	R	R	R
Current	6 256 141	5 695 176	799 129
Current (0 – 30 days)	1 791 385	302 660	38 124
31 - 60 Days	5 425 974	331 915	44 241
61 - 90 Days	1 224 066	245 719	39 923
91 - 120 Days	8 490 600	1 448 309	819 394
121 - 365 Days	35 911 314	2 388 820	941 388
Sub-total	59 099 481	10 412 598	2 682 200
Less: Provision for bad debts	-	-	-
<b>Total debtors by customer classification</b>	<b>59 099 481</b>	<b>10 412 598</b>	<b>2 682 200</b>

**Reconciliation of the bad debt provision**

	2008 R	2007 R
Balance at beginning of the year	62 507 350	56 682 249
Contributions to provision	12 234 972	5 825 101
Bad debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	<b>74 742 322</b>	<b>62 507 350</b>

**12 OTHER DEBTORS**

	R	R
Payments made in advance	-	-
Unauthorized expenditure (see Note 35)	-	-
Fruitless and wasteful expenditure (see Note 35)	-	-
Unpaid conditional Grants	18 686 846	19 238 759
Insurance claims	-	-
Government subsidies	-	-
<b>Total Other Debtors</b>	<b>18 686 846</b>	<b>19 238 759</b>

**SALDANHA BAY MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>13 CALL INVESTMENT DEPOSITS</b>		
Call deposits	265 000 000	195 000 000
Other Deposits	-	-
	<hr/>	<hr/>
Average Rate of Return on Investments	10.7%	8.2%

Investments include unspent conditional grants and CRR

**14 BANK, CASH AND OVERDRAFT BALANCES**  
The Municipality has the following bank accounts: -

**Current Account (Primary Bank Account)**

Standard Bank - Cheque Account - Vredenburg Branch  
Account Number 08 243 7238

Bank statement balance at beginning of year	24 882 057	10 216
Bank statement balance at end of year	<u>34 907 048</u>	<u>24 882 057</u>

ABSA Bank - Cheque Account - Vredenburg Branch  
Account Number 13 0015 2100

Bank statement balance at beginning of year	-	24 974 913
Bank statement balance at end of year	<u>-</u>	<u>-</u>

**Cash Book**

Cash book balance at beginning of year	22 196 477	22 308 342
Cash book balance at end of year	<u>30 737 481</u>	<u>22 196 477</u>

**15 PROPERTY RATES**

**Actual**

Property Rates: Zero Rate	-6 624 263	-1 284 075
Property Rates: Pensioners	-34 007	-37 220
Building Clause Levy	79 594	102 689
Property Rates	85 473 522	66 420 034
Property Rates: Legal Rebates	-2 094 675	-1 976 991
<b>Total Assessment Rates</b>	<u><b>76 800 170</b></u>	<u><b>63 224 438</b></u>

**Property Valuations**

	<b><u>July 2007</u></b>	<b><u>July 2006</u></b>
	<b>R</b>	<b>R</b>
Residential	9 607 640 348	3 080 424 840
Commercial	1 715 060 242	836 899 010
State	725 112 900	413 324 000
Other	46 080 300	84 146 700
Farms	694 664 500	272 011 637
<b>Total Property Valuations</b>	<u><b>12 788 558 290</b></u>	<u><b>4 686 806 187</b></u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2007. Rebates of 50% are granted to residential (and first R50 000 - 100%) and 20% to state property owners. Zoned for Farming - 95%, Nature Reserves - 75%, Pensioners Income < R20 880 - 40%, Income < R23 000 - 30%, Income < R25 300 - 20%. Rates are levied on an annual basis with the final date of payment being 30 September. On application, ratepayers may pay monthly. Interest at the standard interest rate per annum is levied on outstanding rates.

SALDANHA BAY MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
<b>16 SERVICE CHARGES</b>		
Refuse Removal Levies	20 180 981	15 023 096
Departmental Usage	3 910 030	4 417 370
Availability Levies	4 146 257	3 379 306
Basic Minimums	31 727 774	26 660 652
Connection Fees	1 652 961	2 472 856
Sundry	-	-
Refuse Removals : "Skips"	526 564	580 935
Basic (Minimum) Departemental	88 833	384 561
Pump Removals Levies	577 280	405 398
Departmental Levies: "Vloei gelde"	57 019	51 971
Sewerage Levies: Industrial (Basic)	1 905 866	1 330 835
Sewerage Removal Levies - Housing	5 520	5 691
Sewerage Removal Levies - "Vloei geld"	5 270 945	4 409 084
Water sold - Purified Sewerage Water	156 863	360 768
Water sold	51 408 962	56 091 915
Budget Meters: Electricity	17 210 410	13 956 354
Electricity Sold	46 484 753	50 034 904
5% Levies on DSP Accounts	279 882	520 953
<b>Total Service Charges</b>	<b>185 590 899</b>	<b>180 086 649</b>



	2008 R	2007 R
<b>17 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Finance Management Grant	299 159	231 332
Skill Development Program SETA	224 576	271 236
Government Grant - Capital contributions	24 008 599	28 653 803
Subsidies - Main Roads	44 000	40 000
Primary Health (PAWK)	218 795	2 707 386
Equitable Share	14 512 987	12 369 285
TASK	84 618	82 940
Contribution - Western Cape Cleanup Operation	13 823	-
LED Officer - WCDM	-	320 000
Subsidy: Housing Fund	632 516	8 614 542
<b>Total Government Grant and Subsidies</b>	<b>40 039 073</b>	<b>53 290 524</b>

**17.1 Equitable Share**

This grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy, which is funded from this grant.

**Amount of monthly indigent subsidy:**

**100% Subsidy First Category**

Ongegund,Middelpos, Whitecity	R 129	R 110
Laingville	R 172	R 143
Formal areas	R 190	R 137

Qualifying income for a household to receive a 100% subsidy is x2 the monthly state pension per month

**50% Subsidy Second Category**

Ongegund,Middelpos, Whitecity	R 78	R 44
Laingville	R 99	R 57
Formal areas	R 108	R 55

Qualifying income for a household to receive a 50% subsidy is x2 the monthly state pension to a maximum of R3 500pm

**17 GOVERNMENT GRANTS AND SUBSIDIES (continued)**

**17.2 Provincial Health Subsidies**

Balance unspent at beginning of year	-	-
Current year receipts - included in public health vote	218 795	2 707 386
Conditions met - transferred to revenue	(218 795)	(2 707 386)
Conditions still to be met - transferred to liabilities		
(See note 6)	-	-

The Municipality renders health services on behalf of the Provincial Government and is refunded 100% of total expenditure incurred. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy

**SALDANHA BAY MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**17.3 MIG Grant**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
Balance unspent at beginning of year	2 639 353	-
Current year receipts	1 154 642	4 528 355
Conditions met - transferred to revenue	(2 104 864)	(1 889 002)
Conditions still to be met - transferred to liabilities	<u>1 689 131</u>	<u>2 639 353</u>

This grant was used to construct infrastructure.(Included in votes in Appendix B).

**17.4 Provincial LED Projects**

Balance unspent at beginning of year	-	-
Current year receipts	-	320 000
Conditions met - transferred to revenue	-	(320 000)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

**18 EMPLOYEE RELATED COSTS**

Remuneration	56 592 361	52 839 301
Bonuses	4 489 220	5 735 198
Contribution Group Life	1 434 867	1 321 963
Contribution Medical Aid	4 376 844	4 064 347
Contribution Pension Funds	9 197 717	8 507 706
Standby	980 294	750 632
Employment Cost	202 282	111 807
Overtime Payments	5 066 163	3 533 360
Subsidy: Interest	796 564	655 021
Allowance: Transport	1 771 703	1 599 650
Allowance: Tools	720	720
Uniforms/Protective Clothing	709 997	520 635
Leave Payments	583 535	400 480
Increase in Liability for Leave Pay	648 266	613 304
Insurance: Workmans compensation	961 820	445 467
Transport of Furniture	-	23 908
UIF	568 671	520 308
Allowance: Cell Phone	2 550	-
Less: Employee costs capitalised to Property, Plant and Equipment	-	(13 732)
Less: Employee costs included in other expenses	-	-
<b>Total Employee Related Costs</b>	<b><u>88 383 575</u></b>	<b><u>81 630 075</u></b>

**Remuneration of the Municipal Manager**

		From 1 Sept. 2006
Annual Remuneration	425 301	316 485
Bonuses	-	-
Performance bonus	17 743	-
Car Allowance	111 270	85 369
Housing subsidy	19 500	-
Pension fund	74 212	61 147
<b>Total</b>	<b><u>648 026</u></b>	<b><u>463 001</u></b>

	2008 R	2007 R
<b>18 EMPLOYEE RELATED COSTS (continued)</b>		
<i>Remuneration of the Chief Finance Officer</i>		
Annual Remuneration	248 316	231 012
Bonus and Long service bonus	30 217	19 060
Housing Subsidy	7 373	5 751
Car Allowance	102 443	102 760
Pension fund, UIF, Medical, Group Life & Bargaining Council	70 869	65 875
	<u>459 218</u>	<u>424 458</u>

*Remuneration of Individual Executive Directors*  
**30 June 2008**

	<u>Technical Services</u> R	<u>Corporate Services</u> R	<u>Community Services</u> R
Annual Remuneration	341 563	304 995	302 873
Performance Bonuses	63 875	66 994	51 970
Car Allowance	136 875	76 449	129 755
Medical and pension funds	66 373	68 216	4 928
Acting Allowance	9 378	-	-
Annual leave	32 002	38 137	18 710
<b>Total</b>	<u>650 067</u>	<u>554 791</u>	<u>508 236</u>

**30 June 2007**

	<u>Technical Services</u> R	<u>Corporate Services</u> R	<u>Community Services</u> R
Annual Remuneration	279 455	341 829	308 054
Performance Bonuses	64 380	72 562	54 621
Car Allowance	114 000	76 889	134 957
Medical and pension funds	67 277	77 227	-
Acting Allowance	-	20 486	-
<b>Total</b>	<u>525 112</u>	<u>588 993</u>	<u>497 632</u>

**19 REMUNERATION OF COUNCILLORS**

Executive Mayor	467 296	482 852
Deputy Executive Mayor	373 836	384 262
Speaker	373 836	360 773
Mayoral Committee Members	1 051 416	1 113 094
Councillors	2 390 455	2 585 177
Councillors' pension contribution	-	-
Cell phone Allowance	239 196	224 752
<b>Total Councillors' Remuneration</b>	<u>4 896 035</u>	<u>5 150 910</u>

**20 INTEREST PAID**

Interest Paid	6 999 910	7 939 355
	-	-
<b>Total Interest on External Borrowings</b>	<u>6 999 910</u>	<u>7 939 355</u>

**SALDANHA BAY MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>21 BULK PURCHASES</b>		
Electricity	43 533 787	40 767 110
Water	30 499 228	28 764 687
<b>Total Bulk Purchases</b>	<b>74 033 015</b>	<b>69 531 797</b>
<b>22 GRANTS AND SUBSIDIES PAID</b>		
Saldanha Steel - Laingville	-	193 073
Steenberg's Cove Housing Rehabilitation	-	1 456 790
Levy: Skills Development	728 146	480 937
Boland Rugby Union	-	9 121
Soup Kitchen	-	140 500
Task	57 665	56 433
Subsidy: Preferred Scheme Housing	632 516	8 614 542
Indigent Households	6 829 278	11 239 631
Contribution: Finance Management	299 159	231 332
CDW Program (WCDM)	29 039	2 400
Pauper Burials	10 085	9 142
Bursaries	189 240	229 000
Western Cape Cleanup operation	695 811	-
Youth Development	150 000	-
Masibambane Project	215 976	-
Security:Laingville Housing project	59 182	-
Disaster	680 802	-
Management Support programme	50 160	-
Consumer Education	135 000	-
<b>Total Grants and Subsidies</b>	<b>10 762 061</b>	<b>22 662 900</b>
<b>23 CASH GENERATED BY OPERATIONS</b>		
Surplus for the year	77 018 351	86 196 103
Adjustment for:-		
Depreciation	33 665 294	18 615 055
Gain on disposal of property, plant and equipment	(2 837 734)	(807 320)
Contribution to provisions - non-current	-	-
Contribution to provisions – current	(1 059 028)	613 304
Contribution to provisions – Bad Debt	-	-
Additional transfers	17 979 444	-
Previous Year	-	-
Debt written off against Bad Debt Provision	-	-
Equity accounted share of associate's surplus	-	-
Investment income	(28 364 968)	(17 935 326)
Interest paid	6 999 910	7 939 355
<b>Operating surplus before working capital changes:</b>	<b>103 401 269</b>	<b>94 621 170</b>
(Increase) / Decrease in inventories	208 474	(845 096)
(Increase) / Decrease in debtors	(4 115 952)	(12 362 471)
(Increase) / Decrease in other debtors	551 913	(3 698 159)
Increase / (Decrease) in unspent conditional grants and receipts	104 690	8 566 519
Increase / (Decrease) in creditors	3 017 086	(264 810)
Increase / (Decrease) in leave liability	648 266	1 247 653
Increase / (Decrease) in provisions	-	-
(Increase) / Decrease in VAT	(1 341 173)	(7 605 720)
<b>Cash generated by/(utilised in) operations</b>	<b>102 474 573</b>	<b>79 659 087</b>
<b>24 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	30 737 481	22 196 477
Bank overdraft	-	-
Call Investment deposits	265 000 000	195 000 000
Cash advances: floats	13 074	13 074
<b>Total cash and cash equivalents</b>	<b>295 750 555</b>	<b>217 209 551</b>

	2008 R	2007 R
<b>25 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities (see Note 2)	72 357 559	75 602 170
Used to finance property, plant and equipment – at cost	72 357 559	75 602 170
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	-	-
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that long-term liabilities can be repaid on redemption date.

**UNAUTHORISED, IRREGULAR, FRUITLESS AND  
26 WASTEFUL EXPENDITURE DISALLOWED**

**Unauthorised expenditure**

Reconciliation of unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery (note 22)	-	-
Unauthorised expenditure awaiting authorisation	-	-

Incident	Disciplinary steps/criminal proceedings

**Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see note 40)	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Incident	Disciplinary steps/criminal proceedings

**Irregular expenditure**

Reconciliation of irregular expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	-	-

Incident	Disciplinary steps/criminal proceedings

**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL  
27 FINANCE MANAGEMENT ACT**

**27.1 Contributions to organised local government**

	<b>2008 R</b>	<b>2007 R</b>
Opening balance	-	-
Council subscriptions	339 664	321 938
Amount paid - current year	(339 664)	(321 938)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

No amounts were outstanding at year-end.

**27.2 Audit fees**

Opening balance	9 170	-
Current year audit fee	1 206 707	1 135 650
Amount paid - current year	(1 206 707)	(1 126 480)
Amount paid - previous years	(9 170)	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>9 170</b>

No amounts were outstanding at year-end.

**27.3 VAT**

VAT output payable and VAT Input receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

**27.4 PAYE and UIF**

Opening balance	-	-
Current year payroll deductions	8 374 938	7 355 163
Amount paid - current year	(8 381 443)	(7 355 163)
Amount paid - previous years	-	-
<b>Balance overpaid (included in debtors)</b>	<b>(6 505)</b>	<b>-</b>

No amounts were outstanding at year-end.

**27.5 Pension and Medical Aid Deductions**

Opening balance	-	-
Current year payroll deductions and Council Contributions	20 231 218	18 882 969
Amount paid - current year	(20 231 218)	(18 882 969)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

No amounts were outstanding at year-end.

**SALDANHA BAY MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**27.6 Other - SA Music Rights and Skill Development Levies**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
Opening balance	-	-
Current year payroll deductions and Council Contributions	734 768	471 610
Amount paid - current year	(733 183)	(471 610)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>1 585</b>	<b>-</b>

The balance unpaid represents amount payable in 2008/09

**27.7 Councillor's arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

**30 June 2008**

	<b><u>Outstanding more than 90 days</u></b>
Councillor Mbanze F	883
Councillors De Beer JJ & O	4 918
Councillors De Beer JJ & O	1 474
Councillors De Beer JJ & O	817
Councillor Jordaan EE	11 303
<b>Total Councillor Arrear Consumer Accounts</b>	<b>19 395</b>

**30 June 2007**

	<b><u>Outstanding more than 90 days</u></b>
Councillor Mbanze F	3 207
Councillors De Beer JJ & O	4 053
Councillors De Beer JJ & O	642
Councillor Plaatjies P.D	1 028
<b>Total Councillor Arrear Consumer Accounts</b>	<b>8 930</b>

During the year the following Councillors had arrear accounts outstanding for more than 90 days

	<b><u>Highest Amount Outstanding</u></b>	<b><u>Ageing</u></b>
<b>30 June 2008</b>		
Councillor Mbanze F	3 340	>120days
Councillors De Beer JJ & O	9 222	>120days
Councillors De Beer JJ & O	1 658	>120days
Councillors De Beer JJ & O	1 661	>120days
Councillor Jordaan EE	12 799	>120days
	<b>28 679</b>	
<b>30 June 2007</b>		
Councillor Mbanze F	3 207	>120days
Councillors De Beer JJ & O	2 046	>120days
Councillors De Beer JJ & O	945	>120days
Councillor Plaatjies P.D	1 432	>120days
Councillor De Beer JJ (Van Wyk)	425	>120days
	<b>8 055</b>	

## 28 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure for 2008/09 budget:

- Approved and contracted for

*Infrastructure*

*Community*

*Heritage*

*Other*

*Housing Development Fund*

*Investment Properties*

2008  
R

2007  
R

34 537 105

25 940 945

19 438 630

25 216 445

-

-

-

-

3 030 465

490 000

12 068 010

234 500

-

-

- Approved but not yet contracted for

*Infrastructure*

*Community*

*Heritage*

*Other*

*Housing Development Fund*

*Investment Properties*

69 180 404

51 412 092

51 327 100

31 043 000

-

1 150 000

-

121 500

8 832 156

9 801 092

9 021 148

9 296 500

-

-

**Total**

**103 717 509**

**77 353 037**

This expenditure will be financed from:

- External Loans

- Capital Replacement Reserve

- Government Grants

- Housing Development Fund

- Special Funds

- Housing Board

- Own resources

- District Council Grants

19 135 618

7 510 000

52 022 171

47 409 545

12 793 562

12 902 492

-

-

-

-

19 766 158

9 531 000

-

-

-

-

**103 717 509**

**77 353 037**

## 29 RETIREMENT BENEFIT INFORMATION

Council and employees contribute mainly to the Cape Joint Pension fund / Provided fund. Last Percentage Funding: 30 June 2006: Cape Joint Pension fund - 107,2% and Cape Joint Retirement Fund - 108,5%. Councillors may belong to an own pension fund. (Information received from www.capejoint.co.za)

## 30 CONTINGENT LIABILITY

### 30.1 Legal Costs

Possible loss of costs, incl. legal cost, arising from High Court defended application, due to a claim instituted against the Municipality

1 220 000

1 700 000

**1 220 000**

**1 700 000**

### 30.2 Card Production Costs

Possible liability towards Prodiba regarding card production expenditure

-

339 016

-

**339 016**



**SALDANHA BAY MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**10. PROPERTY, PLANT AND EQUIPMENT**

**30 June 2008**

<b>Reconciliation of Carrying Value</b>	<b>Infra-structure</b>	<b>Community</b>	<b>Other</b>	<b>Work in Progress</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at 30 June 2007</b>	<b>92 199 809</b>	<b>48 645 381</b>	<b>67 311 167</b>	<b>18 200 355</b>	<b>226 356 712</b>
Correction: Inventory Capitalised			5 970 153		5 970 153
Correction: Transfer between asset categories	12 141 412	(19 809 561)	1 544 415	6 123 734	-
<b>Carrying values at 30 June 2007</b>	<b>104 341 221</b>	<b>28 835 820</b>	<b>74 825 736</b>	<b>24 324 089</b>	<b>232 326 865</b>
<b>Carrying values at 1 July 2007</b>	<b>104 341 221</b>	<b>28 835 819</b>	<b>74 825 736</b>	<b>24 324 089</b>	<b>232 326 865</b>
Cost	332 396 246	69 556 615	163 739 209	24 324 089	590 016 160
Revaluation	-	-	-	-	-
Accumulated depreciation	(228 055 025)	(40 720 797)	(88 913 473)	-	(357 689 295)
- Cost	(228 055 025)	(40 720 797)	(88 913 473)	-	(357 689 295)
- Revaluation	-	-	-	-	-
Acquisitions	24 220 317	1 395 716	17 124 330	-	42 740 363
Capital under Construction	-	-	-	11 408 512	11 408 512
Increases/decreases in revaluation	5 597 486	30 220 548	253 459 510	-	289 277 544
Depreciation	(8 797 552)	(4 975 852)	(19 891 891)	-	(33 665 294)
- based on cost	(8 797 552)	(4 975 852)	(19 891 891)	-	(33 665 294)
- based on revaluation	-	-	-	-	-
Carrying value of disposals	503 451	6 325 727	(1 794 370)	-	5 034 808
Cost/revaluation	(23 141)	(2 706 605)	(8 937 515)	-	(11 667 261)
Non-Capital (Cost)	-	-	-	-	-
Accumulated depreciation	526 592	9 032 332	7 143 145	-	16 702 070
Impairment losses	-	-	-	-	-
Correction of error	-	-	-	-	-
	<b>125 864 924</b>	<b>61 801 958</b>	<b>323 723 316</b>	<b>35 732 601</b>	<b>547 122 798</b>
<b>Carrying values at 30 June 2008</b>	<b>125 864 924</b>	<b>61 801 959</b>	<b>323 723 315</b>	<b>35 732 601</b>	<b>547 122 798</b>
Cost	356 593 422	68 245 727	171 926 024	35 732 601	632 497 774
Revaluation	5 597 486	30 220 548	253 459 510	-	289 277 544
Accumulated depreciation	(236 325 985)	(36 664 316)	(101 662 219)	-	(374 652 520)
- Cost	(236 325 985)	(36 664 316)	(101 662 219)	-	(374 652 520)
- Revaluation	-	-	-	-	-

The 2006/07 General Valuation was used for revaluation of land and buildings.

The total opening balance for 2007/08 differs from the total closing balance at 30 June 2007 by R 5 970 153 due to Inventory capitalised in 2007/08 in respect of previous years. This had to be done due to an audit qualification received from the Auditor-General in 2006/07 and in order to avoid a further qualification.

Transfers have also taken place between asset types and between categories in order to cater for example for work-in-progress commissioned, consequently opening balances for 2007/08 differ from closing balances at 30 June 2007.

*Plant and Equipment):*

- Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 7]
- Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

SALDANHA BAY MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2007

Reconciliation of Carrying Value	<u>Infra-structure</u>	<u>Community</u>	<u>Other</u>	<u>Housing Develop. Fund</u>	<u>Total</u>
	R	R	R	R	R
<b>Carrying values at 1 July 2006</b>	<b>91 705 292</b>	<b>41 102 632</b>	<b>50 242 261</b>	<b>1 866 197</b>	<b>184 916 383</b>
Cost	312 269 868	80 838 168	129 346 041	1 866 197	524 320 275
Revaluation	-	-	-	-	-
Accumulated depreciation	(220 564 576)	(39 735 536)	(79 103 780)	-	(339 403 892)
- Cost	(220 564 576)	(39 735 536)	(79 103 780)	-	(339 403 892)
- Revaluation	-	-	-	-	-
Acquisitions	7 980 631	8 528 010	27 925 786	19 533 318	63 967 745
Capital under Construction	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-
Depreciation	(7 486 115)	(985 261)	(10 143 679)	-	(18 615 055)
- based on cost	(7 486 115)	(985 261)	(10 143 679)	-	(18 615 055)
- based on revaluation	-	-	-	-	-
Carrying value of disposals	-	-	(713 201)	(3 199 161)	(3 912 362)
Cost/revaluation	-	-	(1 042 852)	(3 199 161)	(4 242 013)
Non-Capital (Cost)	-	-	-	-	-
Accumulated depreciation	-	-	329 651	-	329 651
Impairment losses	-	-	-	-	-
Correction of error	-	-	-	-	-
	<b>92 199 809</b>	<b>48 645 381</b>	<b>67 311 167</b>	<b>18 200 355</b>	<b>226 356 712</b>
<b>Carrying values at 30 June 2007</b>	<b>92 199 809</b>	<b>48 645 381</b>	<b>67 311 167</b>	<b>18 200 355</b>	<b>226 356 712</b>
Cost	320 250 499	89 366 178	156 228 975	18 200 355	584 046 007
Revaluation	-	-	-	-	-
Accumulated depreciation	(228 050 691)	(40 720 797)	(88 917 808)	-	(357 689 295)
- Cost	(228 050 691)	(40 720 797)	(88 917 808)	-	(357 689 295)
- Revaluation	-	-	-	-	-

Reconciliation of Carrying Value from 30/06/2007 to 01/07/2007 (SEE NOTES)	<u>Infra-structure</u>	<u>Community</u>	<u>Other</u>	<u>Work in Progress</u>	<u>Total</u>
	R	R	R	R	R
Cost Closing Balance 30/06/2007	320 250 499	89 366 178	156 228 975	18 200 355	584 046 007
Cost -Inventory Capitalised			5 970 153		5 970 153
Transfers between departments	12 145 747	(19 809 563)	1 540 081	6 123 734	(0)
<b>Cost Carried to 01/07/2007</b>	<b>332 396 246</b>	<b>69 556 615</b>	<b>163 739 209</b>	<b>24 324 089</b>	<b>590 016 160</b>
Accum Depreciation Balance 30/06/2007	(228 050 691)	(40 720 797)	(88 917 808)	-	(357 689 295)
Transfers between departments	(4 334)		4 335		-
<b>Depreciation Carried to 01/07/2007</b>	<b>(228 055 025)</b>	<b>(40 720 797)</b>	<b>(88 913 473)</b>	<b>-</b>	<b>(357 689 295)</b>

SALDANHA BAY MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008							
31. INVESTMENTS (Refer note 13)							
		INVESTMENTS 30/06/2008					
INSTITUTION	INVESTMENT NUMBER	DATE	CHEQUE NO	R	INTEREST RATE	TERM	MATURITY DATE
ABSA	2067664908	08.02.08	49100	5 000 000.00	11.50%	6 Mnde	08.08.08
ABSA	2067664877	08.02.08	49101	5 000 000.00	11.50%	6 Mnde	08.08.08
ABSA	2067664754	08.02.08	49102	5 000 000.00	11.50%	6 Mnde	08.08.08
ABSA	2067767966	10.03.08	49612	5 000 000.00	11.70%	6 Mnde	10.09.2008
ABSA	2067768001	10.03.08	49613	5 000 000.00	11.70%	6 Mnde	10.09.2008
ABSA	2067767746	10.03.08	49614	5 000 000.00	11.70%	6 Mnde	10.09.2008
ABSA	2067767649	10.03.08	49615	5 000 000.00	11.70%	6 Mnde	10.09.2008
ABSA	2067767699	10.03.08	49616	5 000 000.00	11.70%	6 Mnde	10.09.2008
ABSA	2067767738	10.03.08	49617	5 000 000.00	11.70%	6 Mnde	10.09.2008
ABSA	2067877767	14.04.2008	55098	5 000 000.00	11.87%	6 Mnde	14.10.2008
ABSA	2067877783	14.04.2008	55099	5 000 000.00	11.87%	6 Mnde	14.10.2008
ABSA	2067877791	14.04.2008	55100	5 000 000.00	11.87%	6 Mnde	14.10.2008
ABSA	2067943986	05.05.2008	50290	5 000 000.00	12.40%	6 Mnde	05.11.2008
ABSA	2067943978	05.05.2008	50291	5 000 000.00	12.40%	6 Mnde	05.11.2008
ABSA	2067944013	05.05.2008	50292	5 000 000.00	12.40%	6 Mnde	05.11.2008
ABSA	2067943910	05.05.2008	50293	5 000 000.00	12.40%	6 Mnde	05.11.2008
ABSA	2068026177	27.05.2008	50617	5 000 000.00	12.65%	6 Mnde	27.11.2008
ABSA	2068026101	27.05.2008	50618	5 000 000.00	12.65%	6 Mnde	27.11.2008
ABSA	2068026054	27.05.2008	50619	5 000 000.00	12.65%	6 Mnde	27.11.2008
Sub-Totaal		95 000 000.00					
First National Bank	71171480132	08.02.08	49105	5 000 000.00	11.31%	6 Mnde	08.08.08
First National Bank	71179567007	14.04.2008	55103	5 000 000.00	11.85%	6 Mnde	14.10.2008
First National Bank	71179567479	14.04.2008	55104	5 000 000.00	11.85%	6 Mnde	14.10.2008
First National Bank		05.05.2008	50296	5 000 000.00	12.27%	6 Mnde	05.11.2008
Sub-Totaal		20 000 000.00					

SALDANHA BAY MUNICIPALITY							
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008							
31. INVESTMENTS (Refer note 13)				(continued)			
		INVESTMENTS			30/06/2008		
INSTITUTION	INVESTMENT NUMBER	DATE	CHEQUE NO	R	INTEREST RATE	TERM	MATURITY DATE
Standard Bank	358467	08.02.08	49103	5 000 000.00	11.375%	6 Mnde	08.08.08
Standard Bank	358463	08.02.08	49104	5 000 000.00	11.375%	6 Mnde	08.08.08
Standard Bank	359615	10.03.08	49618	5 000 000.00	11.65%	6 Mnde	08.09.2008
Standard Bank	359614	10.03.08	49619	5 000 000.00	11.65%	6 Mnde	08.09.2008
Standard Bank	358464	14.04.2008	55101	5 000 000.00	11.85%	6 Mnde	13.10.2008
Standard Bank	360850	14.04.2008	55102	5 000 000.00	11.85%	6 Mnde	13.10.2008
Standard Bank	360371	05.05.2008	50294	5 000 000.00	12.35%	6 Mnde	08.11.2008
Standard Bank	360372	05.05.2008	50295	5 000 000.00	12.35%	6 Mnde	08.11.2008
Standard Bank	368111	27.05.2008	50620	5 000 000.00	12.60%	6 Mnde	25.11.2008
Standard Bank	369249	27.05.2008	50621	5 000 000.00	12.60%	6 Mnde	25.11.2008
Sub- Totaal		50 000 000.00					
Nedbank	4808 D Z070 595 3	08.02.08	49106	5 000 000.00	11.55%	6 Mnde	08.08.08
Nedbank	4809 D Z070 595 3	08.02.08	49107	5 000 000.00	11.55%	6 Mnde	08.08.08
Nedbank	4810 D Z070 595 3	08.02.08	49108	5 000 000.00	11.55%	6 Mnde	08.08.08
Nedbank	7136 D Z079 595 2	10.03.2008	49620	5 000 000.00	11.70%	6Mnde	10.09.2008
Nedbank	7137 D Z079 595 2	10.03.2008	49621	5 000 000.00	11.70%	6Mnde	10.09.2008
Nedbank	7138 D Z079 595 2	10.03.2008	49622	5 000 000.00	11.70%	6Mnde	10.09.2008
Nedbank	7139 D Z079 595 2	10.03.2008	49623	5 000 000.00	11.70%	6Mnde	10.09.2008
Nedbank	7140 D Z079 595 2	10.03.2008	49624	5 000 000.00	11.70%	6Mnde	10.09.2008
Nedbank	7141 D Z079 595 2	10.03.2008	49625	5 000 000.00	11.70%	6Mnde	10.09.2008
Nedbank	11203DZ0705953	14.04.2008	55105	5 000 000.00	11.90%	6Mnde	14.10.2008
Nedbank	11202DZ0705953	14.04.2008	55106	5 000 000.00	11.90%	6Mnde	14.10.2008
Nedbank	11201DZ0705953	14.04.2008	55107	5 000 000.00	11.90%	6Mnde	14.10.2008
Nedbank	1428D75665951	05.05.2008	50297	5 000 000.00	12.45%	6Mnde	05.11.2008
Nedbank	1429D75665951	05.05.2008	50298	5 000 000.00	12.45%	6Mnde	05.11.2008
Nedbank	1430D75665951	05.05.2008	50299	5 000 000.00	12.45%	6Mnde	05.11.2008
Nedbank	1431D75665951	05.05.2008	50300	5 000 000.00	12.45%	6Mnde	05.11.2008
Nedbank	1432D75665951	05.05.2008	50301	5 000 000.00	12.45%	6Mnde	05.11.2008
Nedbank	3424D75665951	27.05.2008	50622	5 000 000.00	12.70%	6Mnde	27.11.2008
Nedbank	3427D75665951	27.05.2008	50623	5 000 000.00	12.70%	6Mnde	27.11.2008
Nedbank	3428D75665951	27.05.2008	50624	5 000 000.00	12.70%	6Mnde	27.11.2008
Sub-Total		100 000 000.00					
TOTAL		265 000 000.00					

**SALDANHA BAY MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**32 OTHER INCOME**

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
Administration Fees	25 190	39 214
Copies	28 854	27 380
Cemetery Fees	293 055	220 285
Payment Discount: Creditors	452 439	298 874
Building Plan Fees	2 310 586	2 503 776
Building Rubble Removal Fees	4 457	5 779
Fire Bridgade Fees	23 561	6 739
VAT System	-	792 025
Contribution: Housing schemes	12 878	-
Contribution: Rent loss	1 388	1 524
Contribution: Maintenance Fund	11 791	13 003
Contribution: Transnet	46 278	42 591
Summons	485 012	465 541
Roadworthy certificates	62 540	69 418
Town Plans and Copies	1 858	6 293
Encroachment fees	42 210	42 315
Land Use Planning	239 235	254 096
Consolidation/measurement costs recovered	9 130	-
Unclaimed money (cheque issues)	200 351	-
Refuse removal:outside area	228 834	140 818
Capital Contributions	17 566 035	9 373 944
Insurance Claims	91 288	331 485
Transport of Dogs to Vet	321	1 881
Vehicle Entrances	10 365	22 789
Previous year adjusted	1 516 085	862 172
Valuation Certificates	132 311	156 000
Contribution ex Housing Fund:bad debts prov	2 052 370	-
Water:nil tariff	973 652	-
Phones Councillors / Employees	518 057	308 283
Sundry	729 841	483 655
	<u>28 069 972</u>	<u>16 469 881</u>

**SALDANHA BAY MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**33 EXEMPTIONS**

**EXEMPTIONS FOR HIGH CAPACITY MUNICIPALITIES IN TERMS OF CLAUSE 2(2) OF GOVERNMENT GAZETTE NOTICE  
No. 30013 (Volume 504) dated 29 June 2007 APPLICABLE TO THESE STATEMENTS**

High capacity municipalities must comply with GRAP and GAMAP standards prescribed in General Notice 991 and 992 of 2005, except for the standards or parts of standards as set out below.

Financial reporting standard		Extent of exemption from standard	Progress towards achieving full compliance measured against implementation plan	Extent to which information need to be adjusted for full compliance
GRAP 3	Accounting policies, changes in accounting estimates and errors	Identification and impact of GRAP standards that have been issued but not yet effective and changes to accounting policies [paragraphs 14, 19 and 30-31]	Municipality will review all statements issued, but not yet effective, to assess possible impact which it may have on Financial Statements	Not quantifiable at this stage.
GAMAP 17	Property, plant and equipment (PPE)	Review of useful life of items of PPE recognized in the annual financial statements [paragraphs 59 - 61, and 77]	Will be reviewed during 2007/08 Asset count.	Not quantifiable at this stage.
		Review of depreciation method applied to PPE recognized in the annual financial statements [paragraphs 62 and 77]	The Depreciation method has been reviewed by the Municipality and the conclusion has been reached that the Straightline method is still the most reliable method of recognising depreciation of PPE.	Not quantifiable at this stage.
		Impairment of non-cash-generating assets [paragraphs 64 - 69 and 75(e)(v) - (vi)]	Process for addressing the Municipality's reporting system will commence during the next Financial Year. The preparation of maintenance plans for material assets will commence during the 2008/09 budget preparation time.	Not quantifiable at this stage.
		Impairment of cash-generating assets [paragraphs 63 and 75(e)(v) - (vi)]	Process for addressing the Municipality's reporting system will commence during the next Financial Year. The preparation of maintenance plans for material assets will commence during the 2008/09 budget preparation time.	Not quantifiable at this stage.
IAS 36 (AC 128)	Impairment of assets	Entire standard	Process for addressing the Municipalities reporting system will commence during the next Financial Year. The preparation of maintenance plans for material assets will commence during the 2008/09 budget preparation time.	Not quantifiable at this stage.
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17	The Municipality is in a position to value its Inventory according to GAMAP 12.	Not quantifiable at this stage.
		The entire standard to the extent that it relates to water stock that was not purchased by the municipality	The Municipality is in a position to value its Inventory according to GAMAP 12.	Not quantifiable at this stage.
IAS 40 (AC 135)	Investment property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	The Municipality will commence with identification and valuation of Investment Properties during the 2007/08 Financial Year	Not quantifiable at this stage.
		Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard [paragraphs 79(e)(i) - (iii)]	The Municipality will commence with identification and valuation of Investment Properties during the 2007/08 Financial Year	Not quantifiable at this stage.

**SALDANHA BAY MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**33 EXEMPTIONS**

**EXEMPTIONS FOR HIGH CAPACITY MUNICIPALITIES IN TERMS OF CLAUSE 2(2) OF GOVERNMENT GAZETTE NOTICE  
No. 30013 (Volume 504) dated 29 June 2007 APPLICABLE TO THESE STATEMENTS**

High capacity municipalities must comply with GRAP and GAMAP standards prescribed in General Notice 991 and 992 of 2005, except for the standards or parts of standards as set out below.

Financial reporting standard		Extent of exemption from standard	Progress towards achieving full compliance measured against implementation plan	Extent to which information need to be adjusted for full compliance
IAS 17 (AC 105)	Leases	Recognising operating lease payments / receipts on a straight -line basis if the amounts are recognised on the basis of the cash flow in the lease agreement. (SAICA circular 12/06 paragraphs 8 - 11 and paragraphs 33, 34, 50, 51 of IAS 17 / AC105)	The Municipality has identified all leases and all finance leases have been recognised in the FAR. The Municipality currently does not have any leases payable or receivable that requires "smoothing".	Not quantifiable at this stage.
IAS 38 (AC 129)	Intangible assets	The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32/AC 432) and all other costs are expensed	The Municipality will commence with identification of all Intangible assets and to determine its cost prices during the 2007/08 Financial Year	Not quantifiable at this stage.
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. [paragraphs 29, 48 - 119, 120A(c) - (q)]	The Municipality had an Actuarial Valuation done on all its Post Retirement Medical benefits.	Not quantifiable at this stage.
GAMAP 9	Revenue	Initial measurement of fair value discounting all future receipts using an imputed rate of interest. (SAICA circular 09/06 and paragraph 12)	Not Applicable	Not quantifiable at this stage.
IAS 39 (AC 133)	Financial Instruments: Recognition and measurement	Initially measuring financial assets and financial liabilities at fair value. (SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39 / AC 133)	The municipality will attempt implementing this standard in the 2007/08 Financial Year.	Not quantifiable at this stage.
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale [paragraphs 6 - 14, 15 - 29 (in so far as it relates to non-current assets held for sale), 38 - 42]	The municipality will attempt implementing this standard in the 2007/08 Financial Year, specifically the assets held for sale portion.	Not quantifiable at this stage.
IFRS 7 (AC 144)	Financial Instruments: Disclosures	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	Disclosure of Financial Instruments will commence in the 2008/09 Financial Year.	Not quantifiable at this stage.
IAS 14 (AC 115)	Segment reporting	Entire standard	The Municipality awaits further guidelines from National Treasury.	Not quantifiable at this stage.
IFRS 8 (AC 145)	Operating segments	Entire standard	The Municipality awaits further guidelines from National Treasury.	Not quantifiable at this stage.
IAS 11 (AC 109)	Construction contracts	Entire standard	The municipality will attempt implementing this standard in the 2007/08 Financial Year.	Not quantifiable at this stage.
IFRS 3 (AC 140)	Business combinations	Entire standard	The Municipality currently has no Private Public Partnerships, Municipal Entities or Joint Ventures.	Not quantifiable at this stage.
IAS 20 (AC 134)	Accounting for government grants and disclosure of government assistance	Entire standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraph 42 - 46 of GAMAP 9	Awaiting further guidelines from National Treasury	Not quantifiable at this stage.

**34 FINANCIAL RISK MANAGEMENT**

**Financial Risk Management**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign exchange currency risk**

*The municipality does not engage in foreign currency transactions.*

**(b) Interest rate Risk**

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates. This risk is managed on an ongoing basis; External loans are taken up at a fixed interest rate for the duration of the loan.

**(c) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

**(d) Liquidity Risk**

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.*



**35 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP**

**2008**

**2007**

**R**

**R**

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -

**35.1 Statutory Funds**

**Balance previously reported: -**

Capital Development Fund  
Rental Loss  
Maintenance (Housing)  
Dog Tax Fund  
Housing Development Fund

**Total**

-

-

-

-

-

-

-

-

-

-

**Implementation of GAMAP**

Transferred to the Capital Replacement Reserve  
Transferred to the Housing Development Fund  
Transfer to the Self Insurance Reserve  
Transferred to the Capitalisation Reserve  
Transferred to Accumulated Surplus/(Deficit) (see 31.11 below)

**Total**

-

-

-

-

-

-

-

-

-

-

**35.2 Loans Redeemed and Other Capital Receipts**

**Balance previously reported**

**Implementation of GAMAP**

**Redemption and depreciation periods differ**

Internal Loans per Appendix B - IMFO  
Internal Loans per asset register - Book value  
Transferred to Accumulated Surplus/(Deficit) (see 31.11 below)  
Outstanding Internal Loans Transfer to Capitalisation Reserve  
Transferred to Government Grant Reserve  
Transferred to Donations and Public Contribution Reserve  
Transferred to Accumulated Surplus/(Deficit) (see 31.11 below)

**Total**

-

-

-

-

-

-

-

-

-

-

-

-

-

-

**35.3 Provisions and Reserves**

**Balance previously reported**

Repairs & Maintenance General

**Total**

**Implementation of GAMAP**

Transferred to Accumulated Surplus/(Deficit) (see 31.11 below)

-

-

-

-

-

**35.4 Inventory**

**Balance previously reported**

**Implementation of GAMAP**

Transferred to Accumulated Surplus/(Deficit) (see 31.11 below)

Water previously expensed now shown as inventory

Write-down of spare parts to realisable value

Write-down of unsold properties to realisable value

**Total**

-

-

-

-

-

-

-

-

-

-



**36 INVESTMENT PROPERTIES**

With regards to the holiday resorts judgment was used and It was considered that certain ancillary services were also rendered by these owner-managed holiday resorts. In addition, the crucial issue of the extent to which the owner retains significant exposure to the risks of running the business was also considered. An owner-managed resort would be precluded from being investment property as the services provided to guests are a significant component of the commercial arrangements. The carrying value of the Holiday Resorts amounts to R7 282 104 at 30/06/2008.

Management determines on an annual basis if any properties should be reclassified as Investment Properties by using the criteria listed in IAS 40. Management is not aware of any such changes during the reporting period and therefore there are no Investment Properties to be reported on.

**SALDANHA BAY MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

**37 DEVIATIONS IN TERMS OF PARAGRAPH 36(1) OF THE SUPPLY CHAIN MANAGEMENT POLICY**

ACC NO.	DATE	ORDER NO.	DATE	BUSINESS	AMOUNT R	DESCRIPTION	REASON FOR DEVIATION
85836	20071106	704347	20071106	Tricom Africa	17 098	Repairs to Bezaansklop station	Afwyking, Klousule 36(a)(i) van die SCM Beleid
87493	20071219	705679	20071219	Weskus Media	3 262	Halfblad advertensie	Slegs 1 kwotasie, Art. 36 - Voorsieningskanaal Beleid
94003	20080111	706127	20080111	West Coast Office National	2 394	Sertifikate vir sokker toernooi	Memorandum is aangeheg
92587/8	20080123	706660	20080129	Fire Raiders Cape	13 435	Attend to watertank leak at main waterpump, parts	Afwyking, Klousule 36(1)(a)(i) - Noodgeval
91341	20080130	706722	20080131	Abacus Micro Systems	50 725	Rekenaartoerusting	Verslag vir goedkeuring deur Munisipale Bestuurder is aangeheg
94246	20080416	709478	20080421	Excelsior Seafood Market	1 607	Verversings	Afwyking, Art. 36 van Voorsieningskanaal Beleid
98208	20080418	709480	20080421	Weskus Sport	4 128	Ball, bats, batting gloves & pads, wicket keeper inners & pads, kit bags, scorebooks	Afwyking, Art. 36 van Voorsieningskanaal Beleid
94259	20080507	710076	20080509	Tsha-Isiqalo Bouer & Construction	2 700	Skoonmaak & was van matte	Afwyking, Art. 36 van Voorsieningskanaal Beleid
98768-81	20080516	710379	20080519	Plastic Omnium Urban Systems	114 690	240L Wheely bins green	Afwyking, Art. 36 van Voorsieningskanaal Beleid, Memorandum is aangeheg
98628	20080611	711003	20080612	AMC Planthire	161 880	Skoonmaak van Saldanha Strand seegrass	Afwyking, Art. 36 van Voorsieningskanaal Beleid, Memorandum & verslag vir goedkeuring deur MB is aangeheg
98630	20080612	711007	20080612	Roadque West Coast	28 970	Skoonmaak van stortingsterrein	Afwyking, Art. 36 van Voorsieningskanaal Beleid, Memorandum is aangeheg
87454	20071031			Excelsior Seafood Market		4 Platters	A.g.v. kort kennisgewing, slegs 1 kwotasie gevra + aanvaar. In terme van Art.36 (Voorsieningskanaal), MB gee toestemming

## SALDANHA BAY MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

## 37 DEVIATIONS IN TERMS OF PARAGRAPH 36(1) OF THE SUPPLY CHAIN MANAGEMENT POLICY (continued)

ACC NO.	DATE	ORDER NO.	DATE	BUSINESS	AMOUNT	DESCRIPTION	REASON FOR DEVIATION
					R		
87444	20071022				155	Ruiker vir "Bosses Day"	Een maal ruiker vir "Bosses Day". Slegs 1 kwotasie a.g.v. kort kennisgewings in terme van Art.36 (Voorsieningskanaal), MB gee toestemming
87465	20071115			Deodat Cordus	1 100	5 Platters, sap & glase	Slegs 1 kwotasie a.g.v. kort kennisgewings in terme van Art.36 (Voorsieningskanaal), MB gee toestemming
87461	20071114			Sea Breeze Catering & Cleaning Services	2 250	Sandwiches, tea, coffee (vir 100 persone)	Slegs 1 kwotasie a.g.v. kort kennisgewings in terme van Art.36 (Voorsieningskanaal), MB gee toestemming
87467	20071116			Sea Breeze Catering & Cleaning Services	1 800	Sandwiches, tea, coffee (vir 80 persone)	Slegs 1 kwotasie a.g.v. kort kennisgewings in terme van Art.36 (Voorsieningskanaal), MB gee toestemming
87471	20071119			C.J. Meler Caterers	980	Toebroodjie platter, koffie & tee	Slegs 1 kwotasie a.g.v. kort kennisgewings in terme van Art.36 (Voorsieningskanaal), MB dra kennis
87468	20071119			Tsha-Isiqalo Catering	1 950	Platters, arbeid & petrol	Slegs 1 kwotasie a.g.v. kort kennisgewings in terme van Art.36 (Voorsieningskanaal), MB dra kennis
87472	20071119			Camel Rock Trading	1 800	Toebroodjies, koffie, tee & arbeid	Slegs 1 kwotasie a.g.v. kort kennisgewings in terme van Art.36 (Voorsieningskanaal), MB dra kennis
87476	20071122			Excelsior Seafood Market	160	Mix platter	Slegs 1 kwotasie a.g.v. kort kennisgewings in terme van Art.36 (Voorsieningskanaal)
87477	20071122			Desiree Slarmie	1 280	Sandwich platter, juice, koffie & tee	Slegs 1 kwotasie a.g.v. kort kennisgewings in terme van Art.36 (Voorsieningskanaal), MB gee toestemming

**APPENDIX A**  
**SALDANHA BAY MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**

EXTERNAL LOANS			Loan Number	Redeemable	Balance at 30/06/07	Received during the period	Redeemed written off during the period	Balance at 30/06/08	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
					R	R	R	R	R	R
<b>LONG-TERM LOANS</b>					-	0	-	-	-	-
<b>Total long-term loans</b>					-	0	-	-	-	-
<b>ANNUITY LOANS</b>										
Dept. of Water affairs	AA 3701-12-20				186 056	0	15 335	170 720	-	-
Development Bank SA	Project 13435	(Land/Services)			1 597 028	0	212 937	1 384 091	-	-
Development Bank SA	Project 13437	(Roads)			2 735 227	0	364 697	2 370 530	-	-
Development Bank SA	Project 13439	(Water infras.)			689 110	0	91 881	597 228	-	-
Development Bank SA	Project 13440	(Retention Dams)			2 335 161	0	311 355	2 023 806	-	-
Development Bank SA	Project 13441	(Sanitation)			3 969 199	0	529 227	3 439 973	-	-
Development Bank SA	Project 100394				4 064 177	0	482 621	3 581 556	-	-
Development Bank SA	Project 101315/1				4 804 577	0	488 543	4 316 034	-	-
Development Bank SA	Project 101783/1				3 240 666	0	284 083	2 956 582	-	-
Development Bank SA	Project 102908				0	7 010 000	0	7 010 000	-	-
Nedbank	5724				1 837 544	0	1 837 544	0	-	-
Nedbank	5726				4 038 523	0	1 233 837	2 804 686	-	-
Nedbank	5725				3 559 733	0	778 210	2 781 523	-	-
Nedbank	5723				23 773 377	0	1 537 970	22 235 407	-	-
Nedbank	5727				18 218 482	0	1 631 821	16 586 661	-	-
<b>Total annuity loans</b>					75 048 860	7 010 000	9 800 062	72 258 798	-	-
<b>LEASE LIABILITY</b>										
Multid Forwind (Winelands Finance)					58 765		21 932	36 833	-	-
Fintech					311 186		311 186	0	-	-
Stannic					7 306		4 859	2 447	-	-
Bovidae Investments					32 138		24 430	7 708	-	-
Geosystems Africa Pty (Ltd)					133 881		82 108	51 773	-	-
Sunlyn Investments					10 036		10 036	0	-	-
<b>Total Lease Liability</b>					553 311	0	454 550	98 761	-	-
<b>TOTAL EXTERNAL LOANS</b>					75 602 171	7 010 000	10 254 611	72 357 559	-	-

**APPENDIX B**  
**SALDANHA BAY MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	
<b>INFRASTRUCTURE</b>									
ACCESS CONTROL	198 648	221 790		420 439	(97 510)	(28 074)		(125 583)	294 855
BRIDGES, SUBWAY	1 145 055	-		1 145 055	(278 835)	(31 715)		(310 550)	834 504
BUS TERMINALS	1 824 660	-		1 824 660	(739 222)	(61 864)		(801 086)	1 023 574
CAR PARKS	3 438 287	1 867 510		5 305 797	(2 093 473)	(384 518)	249 530	(2 228 461)	3 077 336
FENCING	5 051 741	714 203		5 765 944	(4 193 258)	(528 069)		(4 721 326)	1 044 618
FOOTWAYS	1 148 460	30 368		1 178 828	(815 510)	(23 190)		(838 700)	340 128
KERBING	8 516 772	-		8 516 772	(3 330 194)	(354 772)		(3 684 965)	4 831 807
LOAD CONTROL EQ	129 976	-		129 976	(129 976)	-		(129 976)	-
MAINS	1 349 356	167 166		1 516 522	(1 213 103)	(17 267)		(1 230 369)	286 153
MAINS	58 414	46 084		104 499	(58 414)	(711)		(59 126)	45 373
METERS	1 384 959	-		1 384 959	(869 791)	(48 292)		(918 083)	466 876
PAVING	531 455	25 319		556 774	(390 246)	(10 757)		(401 002)	155 772
PIPELINES	5 305 727	1 170 768		6 476 496	(117 347)	(2 324)		(119 672)	6 356 824
POWER STATIONS	10 414 489	1 214 787		11 629 276	(4 727 828)	(320 541)	3 000	(5 045 369)	6 583 908
PUMP STATIONS	62 908	-		62 908	(62 908)	-		(62 908)	-
PURIFICATION WO	19 580 204	2 543 404	(23 141)	22 100 467	(8 560 333)	(383 809)	23 141	(8 921 001)	13 179 466
AIRPORTS/RADIO	245 200	2 451 746		2 696 946	(245 200)	(404 911)	245 200	(404 911)	2 292 034
OTHER ROADS	64 447 588	8 363 836		72 811 424	(51 683 002)	(2 126 938)	4 000	(53 805 940)	19 005 484
RUNWAYS	579 132	-		579 132	(579 132)	-		(579 132)	-
SECURITY SYSTEM	1 103 313	238 014		1 341 327	(910 565)	(65 770)		(976 334)	364 992
SEWERS	55 360 118	1 722 535		57 082 653	(37 364 953)	(1 092 358)		(38 457 311)	18 625 342
SEWERAGE PUMPS	909 549	-		909 549	(260 374)	(56 063)		(316 437)	593 113
STREET LIGHTING	5 019 168	407 180		5 426 348	(2 486 055)	(160 336)		(2 646 392)	2 779 956
SUPPLY/RETICULA	67 586 589	5 719 404		73 305 993	(55 524 919)	(746 210)		(56 271 128)	17 034 865
SUPPLY/RETICULA	47 082 357	1 370 381		48 452 738	(35 064 125)	(1 123 636)		(36 187 761)	12 264 977
STORMWATER DRAI	9 424 877	-		9 424 877	(5 369 276)	(221 899)		(5 591 175)	3 833 702
SWITCHGEAR EQUI	632 882	154 909		787 791	(397 282)	(15 358)		(412 640)	375 151
RESERVOIRS & TA	17 561 995	-		17 561 995	(9 199 738)	(438 573)		(9 638 312)	7 923 683
TAXIWAYS	645 387	1 297 000		1 942 387	(445 029)	(83 196)	1 721	(526 504)	1 415 883
TRANSFORMER KIO	519 513	-		519 513	(88 026)	(15 088)		(103 114)	416 398
TRAFFIC ISLANDS	293 328	-		293 328	(293 328)	-		(293 328)	-
TRAFFIC LIGHTS	155 222	-		155 222	(82 870)	(6 600)		(89 470)	65 752
STREET NAMES &	688 919	91 397		780 316	(383 205)	(44 714)		(427 919)	352 397
	332 396 246	29 817 803	(23 141)	362 190 908	(228 055 025)	(8 797 552)	526 592	(236 325 985)	125 864 924
<b>COMMUNITY</b>									
BEACH DEVELOPME	16 090 056	-		16 090 056	(10 538 322)	(202 600)		(10 740 923)	5 349 133
CEMETERIES	2 441 788	67 669		2 509 457	-	-		-	2 509 457
COMMUNITY CENTR	9 668 036	6 530 944		16 198 980	(6 929 966)	(875 885)	2 520 359	(5 285 493)	10 913 487
FLOODLIGHTING	193 037	49 923		242 960	(11 739)	(9 051)		(20 790)	222 170
GOLF COURSES	480 616	-		480 616	(414 075)	(16 726)		(430 802)	49 814
HERITAGE BUILDI	10 485	-		10 485	-	-		-	10 485
CLINICS/HOSPITA	2 156 524	1 458 196	(1 611 749)	2 002 970	(1 929 733)	(151 246)	1 550 955	(530 025)	1 472 946
INFORMAL HOUSIN	4 243 974	-		4 243 974	(176 287)	(20 303)		(196 590)	4 047 384
LIBRARIES	1 950 645	4 371 836		6 322 481	(1 849 048)	(453 501)	103 875	(2 198 674)	4 123 808
MUNICIPAL BUILD	7 689 815	1 496 462		9 186 277	(3 455 383)	(310 875)	900 849	(2 865 409)	6 320 868
MUNICIPAL HOUSE	7 521 175	8 127 920	(753 584)	14 895 511	(3 818 818)	(1 335 129)	2 297 484	(2 856 463)	12 039 048
OUTDOOR SPORTS	7 414 878	4 067 942	(79 630)	11 403 189	(5 522 987)	(878 048)	952 174	(5 448 861)	5 954 328
PARKS	2 327 130	2 018 857	(211 625)	4 134 362	(877 789)	(158 471)	263 594	(772 667)	3 361 696
PUBLIC CONVENIE	3 337 825	1 773 696	(50 017)	5 061 504	(2 405 309)	(239 497)	406 264	(2 238 542)	2 822 962
RECREATION CENT	681 108	-		681 108	(5 722)	(22 766)		(28 488)	652 620
SWIMMING POOLS	2 363 754	-		2 363 754	(2 126 740)	(15 784)		(2 142 524)	221 230
TENNIS COURTS	985 769	1 652 820		2 638 589	(658 878)	(285 968)	36 780	(908 066)	1 730 523
	69 556 615	31 616 265	(2 706 605)	98 466 275	(40 720 797)	(4 975 852)	9 032 332	(36 664 316)	61 801 959

**APPENDIX B**  
**SALDANHA BAY MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	
<b>OTHER</b>									
ABATTOIRS	230 000	621 800		851 800	(230 000)	(85 258)	230 000	(85 258)	766 542
AIR CONDITIONER	254 946	65 042		319 988	(228 246)	(24 628)		(252 874)	67 114
AUDIO EQUIPMENT	48 193	-		48 193	(30 011)	(18 181)		(48 193)	-
BEACH DEVELOPME	10 944	-		10 944	(1 290)	(1 192)		(2 482)	8 462
BULK CONTAINERS	3 467 659	177 635		3 645 293	(1 822 541)	(249 569)		(2 072 110)	1 573 183
CABINETS/CUPBOA	837 255	-	(2 300)	834 955	(167 801)	(559 169)	(2 150)	(729 120)	105 835
CARAVAN PARKS	10 706 230	3 633 971		14 340 201	(9 635 781)	(487 700)	939 700	(9 183 781)	5 156 420
CHAIRS	965 886	27 687	(3 500)	990 073	(178 925)	(582 043)	(16 430)	(777 399)	212 674
COMPUTER HARDWA	8 555 042	892 742	(211 523)	9 236 260	(6 092 505)	(1 585 827)	47 366	(7 630 966)	1 605 294
COMPUTER SOFTWA	2 283 527	67 805		2 351 332	(1 863 229)	(180 490)		(2 043 719)	307 612
DRILL - CONCRET	7 530	-		7 530	-	(6 536)		(6 536)	994
EQUIPMENT/APPAR	14 495	-		14 495	-	(13 995)		(13 995)	500
EQUIPMENT/APPAR	548 003	-		548 003	(366 647)	(130 731)		(497 378)	50 624
ELECTRICAL EQUI	6 035 890	5 412	(800)	6 040 502	(1 224 299)	(1 013 215)		(2 237 514)	3 802 988
MILLING EQUIPME	4 311	-		4 311	(495)	(288)		(784)	3 528
RADIO EQUIPMENT	2 600 146	173 160	(2 400)	2 770 906	(2 093 244)	(408 298)	(2 000)	(2 503 542)	267 364
TELECOMMUNICATI	890 742	-		890 742	(256 884)	(251 739)		(508 623)	382 119
FARMS	416 536	-		416 536	(416 536)	-		(416 536)	-
FIRE	97 716	67 170		164 886	(60 584)	(19 803)		(80 387)	84 499
FIREARMS	11 833	-		11 833	-	(11 833)		-	-
GENERATOR	314 466	-		314 466	(240 634)	(58 925)		(299 559)	14 907
GENERAL	18 436 395	2 282 864	(5 699)	20 713 560	(2 199 868)	(3 667 884)	64 073	(5 803 679)	14 909 881
HOUSEHOLD REFUS	729 840	826 640		1 556 480	(268 742)	(274 680)		(543 421)	1 013 059
HOUSING SCHEMES	3 645 394	8 677 176	(5 078 106)	7 244 465	(1 401 659)	(551 759)	1 134 320	(819 098)	6 425 367
IRRIGATION SYST	1 532 677	160 340		1 693 017	(1 079 601)	(51 312)		(1 130 914)	562 104
MARKETS	1 434 363	(33 710)		1 400 653	(1 365 405)	(109 410)	1 088 411	(386 404)	1 014 248
MISCELLANEOUS	4 266 543	618 281	(16 566)	4 868 258	(856 289)	(1 233 323)	(18 279)	(2 107 892)	2 760 366
MIXER - CONCRET	99 096	-	(10 984)	88 112	(89 596)	(9 500)	10 984	(88 112)	-
OFFICE BUILDINGS	18 101 459	10 354 042		28 455 502	(10 374 666)	(1 018 345)	1 814 725	(9 578 286)	18 877 216
OFFICE MACHINES	2 766 128	87 678	(2 539)	2 851 267	(2 343 429)	(337 400)	(200)	(2 681 029)	170 237
OTHER LAND	400 409	-		400 409	-	-		-	400 409
PUMPS	833 032	47 172		880 203	-	(62 179)		(62 179)	818 024
SUPPLY/RETICULA	-	-		-	-	-		-	-
TABLES/DESKS	682 353	57 733	(3 700)	736 386	(83 018)	(498 612)	(3 550)	(585 180)	151 206
TIPPERS	503 837	-		503 837	(52 086)	(33 681)		(85 767)	418 070
TIP SITES	329 975	48 380		378 355	(317 130)	(1 399)		(318 529)	59 826
TOOLS	211 539	149 964		361 503	(137 120)	(55 208)		(192 328)	169 175
TOWN PLANNING	4 901 504	221 404	(451)	5 122 457	(4 159 342)	(223 091)	451	(4 381 982)	740 475
TRAILERS	1 287 509	765 995	(26 645)	2 026 859	(744 249)	(325 106)	7 645	(1 061 711)	965 148
TRAINING CENTRE	73 865	-		73 865	(4 931)	(2 469)		(7 400)	66 465
VACANT LAND	10 979 575	233 043 519	(1 714 494)	242 308 600	(3 926)	-		(3 926)	242 304 674
VALUATION ROLL	55 838	980 400		1 036 238	(55 838)	(26 861)		(82 699)	953 539
MOTOR VEHICLES	4 596 712	604 840	(524 139)	4 677 413	(2 390 855)	(563 050)	515 749	(2 438 157)	2 239 257
BUSES	274 980	-		274 980	(25 816)	(18 382)		(44 198)	230 783
COMPRESSORS	96 169	-	(5 000)	91 169	(45 162)	(45 729)		(90 891)	278
MOTOR CYCLES	7 712	-		7 712	(7 712)	-		(7 712)	-
FIRE ENGINES	1 131 410	-		1 131 410	(721 886)	(34 244)		(756 130)	375 281
FARM EQUIPMENT	17 099	25 333	(599)	41 833	(599)	(13 511)	599	(13 511)	28 322
GRADERS	5 152 178	-	(492 753)	4 659 425	(2 843 823)	(433 968)	492 753	(2 785 038)	1 874 388
LAWNMOVERS	1 267 161	325 596		1 592 757	(872 543)	(470 085)		(1 342 629)	250 128
POUND VEHICLES	148 331	-		148 331	(4 714)	(29 748)		(34 462)	113 870
ROAD MAINTENANC	1 086 798	4 782	(41 380)	1 050 200	(547 617)	(209 197)	41 380	(715 434)	334 767
TRUCKS/BAKIES	32 199 465	4 264 863	(793 937)	35 670 391	(23 788 701)	(3 648 006)	793 937	(26 642 770)	9 027 621
TRACTORS	1 482 271	-		1 482 271	(1 421 238)	(42 068)		(1 463 306)	18 965
WELDER	13 376	-		13 376	-	(10 638)		(10 638)	2 738
WORKSHOPS/DEPOT	6 692 867	1 338 123		8 030 990	(5 796 261)	(201 624)	3 662	(5 994 223)	2 036 767
	163 739 209	270 583 840	(8 937 515)	425 385 534	(88 913 473)	(19 891 891)	7 143 145	(101 662 219)	323 723 315



**APPENDIX B**  
**SALDANHA BAY MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	
<b>WORKS-IN-PROGRESS</b>									
BEACH DEVELOPME	19 852 495	5 421 198		25 273 693	-	-	-	-	25 273 693
BOWLING GREENS	-	-		-	-	-	-	-	-
CABINETS/CUPBOA	-	-		-	-	-	-	-	-
CARAVAN PARKS	-	-		-	-	-	-	-	-
CEMETERIES	98 900	-		98 900	-	-	-	-	98 900
CHAIRS	-	-		-	-	-	-	-	-
COMPUTER HARDWA	-	3 000		3 000	-	-	-	-	3 000
COMPUTER SOFTWA	458 480	72 574		531 053	-	-	-	-	531 053
CAR PARKS	-	-		-	-	-	-	-	-
EQUIPMENT/APPAR	-	-		-	-	-	-	-	-
ELECTRICAL EQUI	26 519	-		26 519	-	-	-	-	26 519
FENCING	-	-		-	-	-	-	-	-
FLOODLIGHTING	-	-		-	-	-	-	-	-
FOOTWAYS	-	780 671		780 671	-	-	-	-	780 671
FIREARMS	-	-		-	-	-	-	-	-
GENERATOR	-	-		-	-	-	-	-	-
GENERAL	-	108 000		108 000	-	-	-	-	108 000
HOUSING SCHEMES	-	778 552		778 552	-	-	-	-	778 552
LIBRARIES	-	-		-	-	-	-	-	-
MAINS	-	54 386		54 386	-	-	-	-	54 386
MAINS	17 255	600 317		617 572	-	-	-	-	617 572
MISCELLANEOUS	-	-		-	-	-	-	-	-
MUNICIPAL BUILD	-	-		-	-	-	-	-	-
OFFICE BUILDINGS	-	72 213		72 213	-	-	-	-	72 213
OFFICE MACHINES	-	-		-	-	-	-	-	-
OTHER LAND	-	-		-	-	-	-	-	-
OUTDOOR SPORTS	-	115 900		115 900	-	-	-	-	115 900
PARKS	-	-		-	-	-	-	-	-
PIPELINES	-	69 085		69 085	-	-	-	-	69 085
POWER STATIONS	-	-		-	-	-	-	-	-
PUBLIC CONVENIE	-	-		-	-	-	-	-	-
PURIFICATION WO	-	49 703		49 703	-	-	-	-	49 703
OTHER ROADS	138 924	307 218		446 142	-	-	-	-	446 142
SECURITY SYSTEM	-	-		-	-	-	-	-	-
SEWERS	-	456 685		456 685	-	-	-	-	456 685
STREET LIGHTING	-	-		-	-	-	-	-	-
SUPPLY/RETICULA	-	1 979 311		1 979 311	-	-	-	-	1 979 311
SUPPLY/RETICULA	98 443	36 712		135 155	-	-	-	-	135 155
STORMWATER DRAI	-	290 714		290 714	-	-	-	-	290 714
SWIMMING POOLS	-	-		-	-	-	-	-	-
TABLES/DESKS	-	-		-	-	-	-	-	-
RESERVOIRS & TA	3 633 073	129 809		3 762 882	-	-	-	-	3 762 882
TIP SITES	-	82 465		82 465	-	-	-	-	82 465
TOOLS	-	-		-	-	-	-	-	-
TOWN PLANNING	-	-		-	-	-	-	-	-
TRAILERS	-	-		-	-	-	-	-	-
MOTOR VEHICLES	-	-		-	-	-	-	-	-
	24 324 089	11 408 512	-	35 732 601	-	-	-	-	35 732 601
<b>Grand Total</b>	<b>590 016 160</b>	<b>343 426 419</b>	<b>(11 667 261)</b>	<b>921 775 318</b>	<b>(357 689 295)</b>	<b>(33 665 294)</b>	<b>16 702 070</b>	<b>(374 652 520)</b>	<b>547 122 798</b>

**APPENDIX C**  
**SALDANHA BAY MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
**30 June 2008**

	Cost							Accumulated Depreciation						Carrying Value
	Opening Balance	Additions	Revaluations	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Write-offs	Disposals	Closing Balance	
	R	R		R	R	R	R	R	R	R	R	R	R	R
Executive & Council	1 350 367	99 355	-	3 000	(39 483)	(5 599)	1 407 640	(600 306)	(430 611)	39 483	(800)	4 486	(987 749)	419 891
Finance & Admin	25 305 425	2 586 894	232 110 816	72 574	54 779	(1 718 604)	258 411 883	(10 373 646)	(2 510 823)	(54 779)	15 120	6 534	(12 917 595)	245 494 289
Planning & Development	8 080 355	548 263	-	-	-	-	8 628 619	(5 793 494)	(1 137 943)	-	(9 200)	-	(6 940 638)	1 687 981
Health	1 285 381	-	-	-	39 483	(831 345)	493 519	(1 257 467)	-	(39 483)	-	805 656	(491 295)	2 224
Community & Social Services	137 160 038	3 787 817	48 037 777	5 609 310	-	(2 551 872)	192 043 070	(78 727 726)	(10 010 174)	-	10 823 406	2 158 712	(75 755 782)	116 287 288
Housing	8 665 943	13 006 093	(4 093 509)	778 552	-	(5 078 106)	13 278 975	(1 855 978)	(716 713)	-	1 133 520	-	(1 439 170)	11 839 804
Public Safety	7 546 659	313 094	-	-	-	(116 114)	7 743 640	(3 377 046)	(839 282)	-	-	111 114	(4 105 214)	3 638 426
Waste Management	111 141 724	7 635 088	2 946 266	978 794	-	(152 674)	122 549 199	(61 871 480)	(5 677 358)	-	59 587	152 674	(67 336 577)	55 212 622
Road Transport	114 297 621	4 501 365	8 025 129	1 096 662	-	(1 027 389)	126 893 388	(76 138 610)	(6 411 180)	-	251 251	1 017 889	(81 280 650)	45 612 739
Water	83 426 507	2 203 660	971 358	835 923	(54 779)	(133 837)	87 248 832	(48 483 544)	(2 984 335)	54 779	-	124 337	(51 288 762)	35 960 070
Electricity	90 493 731	8 057 372	1 279 706	2 033 697	-	(51 722)	101 812 783	(68 189 028)	(2 911 636)	-	(3 938)	51 722	(71 052 879)	30 759 904
Other	1 262 409	1 362	-	-	-	-	1 263 771	(1 020 971)	(35 239)	-	-	-	(1 056 210)	207 561
<b>TOTAL</b>	<b>590 016 160</b>	<b>42 740 364</b>	<b>289 277 544</b>	<b>11 408 512</b>	<b>-</b>	<b>(11 667 261)</b>	<b>921 775 318</b>	<b>(357 689 295)</b>	<b>(33 665 294)</b>	<b>-</b>	<b>12 268 948</b>	<b>4 433 122</b>	<b>(374 652 520)</b>	<b>547 122 798</b>

**APPENDIX D**  
**SALDANHA BAY MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED**  
**30 June 2008**

<b>2007 Actual Income R</b>	<b>2007 Actual Expenditure R</b>	<b>2007 Surplus/ (Deficit) R</b>	<b>Sub Function</b>	<b>2008 Actual Income R</b>	<b>2008 Actual Expenditure R</b>	<b>2008 Surplus/ (Deficit) R</b>
16 234 258	26 540 216	(10 305 958)	Executive & Council	19 210 882	24 759 158	(5 548 276)
87 153 552	19 655 435	67 498 117	Finance & Admin	114 364 012	35 739 733	78 624 279
3 289 043	6 344 131	(3 055 088)	Planning & Development	2 784 745	8 006 199	(5 221 454)
2 707 524	2 725 567	(18 043)	Health	218 795	314 195	(95 400)
13 820 213	25 981 074	(12 160 861)	Community & Social Services	12 926 891	36 283 783	(23 356 892)
14 916 853	16 411 153	(1 494 300)	Housing	17 868 683	10 500 434	7 368 249
2 772 618	5 073 853	(2 301 235)	Public Safety	3 722 710	6 440 415	(2 717 705)
-	-	-	Sport & Recreation	-	-	-
-	-	-	Environmental Protection	-	-	-
44 190 507	35 403 681	8 786 826	Waste Management	50 250 269	43 728 967	6 521 302
9 380 224	23 984 171	(14 603 947)	Road Transport	8 134 651	31 362 567	(23 227 916)
71 460 857	47 453 870	24 006 987	Water	70 234 262	53 859 568	16 374 694
82 744 193	65 168 783	17 575 410	Electricity	79 741 696	68 017 929	11 723 767
3 152 395	1 021 577	2 130 818	Other	16 546 631	15 232 795	1 313 836
<b>351 822 237</b>	<b>275 763 512</b>	<b>76 058 725</b>	<b>Sub Total</b>	<b>396 004 227</b>	<b>334 245 743</b>	<b>61 758 484</b>
-	(10 545 698)	10 545 698	Less Inter-Dept Charges	-	(15 259 867)	15 259 867
<b>351 822 237</b>	<b>265 217 814</b>	<b>86 604 423</b>	<b>Total</b>	<b>396 004 227</b>	<b>318 985 876</b>	<b>77 018 351</b>
		-	Add: Share of Associate			-
		<b>86 604 423</b>				<b>77 018 351</b>

**APPENDIX E(1)**  
**SALDANHA BAY MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008**

<b>REVENUE</b>	<b>2008 Actual (R)</b>	<b>2008 Budget (R)</b>	<b>2008 Variance (R)</b>	<b>2008 Variance (%)</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>
Property rates	76 800 170	78 558 956	(1 758 786)	-2.2%	
Property rates - penalties imposed and collection charges	4 790 523	1 882 555	2 907 968	154.5%	<i>Higher interest recovery on outst. Rates than anticipated</i>
Service charges	185 590 899	195 653 916	(10 063 017)	-5.1%	
Rental of facilities and equipment	8 250 262	7 163 001	1 087 261	15.2%	<i>Higher utilisation of facilities than anticipated</i>
Interest earned - external investments	28 364 968	12 600 000	15 764 968	125.1%	<i>More positive cashflow than originally anticipated</i>
Interest earned - outstanding debtors	2 455 386	1 773 000	682 386	38.5%	<i>Higher interest recovery on debtors than anticipated</i>
Fines	1 903 424	2 115 750	(212 326)	-10.0%	<i>Speedcameras add.inc. only effective towards yearend</i>
Licences and permits	14 207 204	12 971 520	1 235 684	9.5%	
Income for agency services	2 367 851	2 223 000	144 851	6.5%	
Government grants and subsidies	40 039 073	46 076 573	(6 037 500)	-13.1%	<i>Lower expenditure against subsidies than expected</i>
Other income	28 069 972	28 646 400	(576 428)	-2.0%	
Public contributions, donated/contributed PPE	326 760	-	326 760	0.0%	
Gains on disposal of property, plant and equipment	2 837 734	15 146	2 822 588		<i>Actual income higher than anticipated</i>
<b>Total Revenue</b>	<b>396 004 227</b>	<b>389 679 817</b>	<b>6 324 410</b>	<b>1.6%</b>	
<b>EXPENDITURE</b>					
Executive & Council	24 759 158	40 029 839	(15 270 681)	-38.1%	<i>Actual expenditure lower than anticipated</i>
Finance & Admin	35 739 733	37 286 938	(1 547 205)	-4.1%	
Planning & Development	8 006 199	8 933 479	(927 280)	-10.4%	<i>Actual expenditure lower than anticipated</i>
Health	314 195	254 683	59 512	23.4%	<i>Actual expenditure higher than anticipated</i>
Community & Social Services	36 283 783	42 651 462	(6 367 679)	-14.9%	<i>Actual expenditure lower than anticipated</i>
Housing	10 500 434	19 359 604	(8 859 170)	-45.8%	<i>Actual expenditure lower than anticipated</i>
Public Safety	6 440 415	6 184 505	255 910	4.1%	
Sport & Recreation	-	-	-	0.0%	
Environmental Protection	-	-	-	0.0%	
Waste Management	43 728 967	46 021 044	(2 292 077)	-5.0%	
Road Transport	31 362 567	32 189 140	(826 573)	-2.6%	
Water	53 859 568	57 165 537	(3 305 969)	-5.8%	
Electricity	68 017 929	72 903 103	(4 885 174)	-6.7%	
Other	15 232 795	13 329 975	1 902 820	14.3%	<i>Actual expenditure higher than anticipated</i>
Inter-departmental charges	(15 259 867)	(15 257 501)	(2 366)	0.0%	
<b>Total Expenditure</b>	<b>318 985 876</b>	<b>361 051 808</b>	<b>(42 065 932)</b>	<b>-11.7%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>77 018 351</b>	<b>28 628 009</b>	<b>48 390 341</b>	<b>169.0%</b>	

**APPENDIX E(1)**  
**SALDANHA BAY MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2007**

<b>REVENUE</b>	<b>2007 Actual (R)</b>	<b>2007 Budget (R)</b>	<b>2007 Variance (R)</b>	<b>2007 Variance (%)</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>
Property rates	63 224 438	66 168 846	(2 944 408)	-4.4%	
Property rates - penalties imposed and collection charges	2 100 960	1 842 177	258 783	14.0%	<i>Higher interest recovery on outst. Rates than anticipated</i>
Service charges	180 086 649	168 676 724	11 409 925	6.8%	
Rental of facilities and equipment	7 602 685	7 735 366	(132 681)	-1.7%	
Interest earned - external investments	17 935 326	9 864 063	8 071 263	81.8%	<i>More positive cashflow than originally anticipated</i>
Interest earned - outstanding debtors	2 545 480	2 663 455	(117 975)	-4.4%	
Fines	1 935 036	4 351 689	(2 416 653)	-55.5%	<i>Speedcameras add.inc. only effective towards yearend</i>
Licences and permits	798 292	821 046	(22 754)	-2.8%	
Income for agency services	2 252 578	2 035 254	217 324	10.7%	<i>Actual income higher than anticipated</i>
Government grants and subsidies	53 290 524	53 106 727	183 797	0.3%	
Other income	16 469 881	18 910 105	(2 440 224)	-12.9%	<i>Actual income lower than anticipated</i>
Public contributions, donated/contributed PPE	2 773 069	89 629	2 683 440	2993.9%	<i>Financing of capital expenditure during the year</i>
Gains on disposal of property, plant and equipment	807 320	-	807 320	0.0%	
<b>Total Revenue</b>	<b>351 822 237</b>	<b>336 265 081</b>	<b>15 557 156</b>	<b>4.6%</b>	<i>Budget not final GRAP format.</i>
<b>EXPENDITURE</b>					
Executive & Council	26 540 216	36 422 064	(9 881 848)	-27.1%	<i>Actual Expenditure lower than Anticipated</i>
Finance & Admin	19 655 435	30 247 413	(10 591 978)	-35.0%	<i>Actual Expenditure lower than Anticipated</i>
Planning & Development	6 344 131	7 506 542	(1 162 411)	-15.5%	
Health	2 725 567	5 081 476	(2 355 909)	-46.4%	<i>Actual Expenditure lower than Anticipated</i>
Community & Social Services	25 981 074	38 036 002	(12 054 928)	-31.7%	<i>Actual Expenditure lower than Anticipated</i>
Housing	16 411 153	21 339 101	(4 927 948)	-23.1%	<i>Actual Expenditure lower than Anticipated</i>
Public Safety	5 073 853	6 214 971	(1 141 118)	-18.4%	<i>Actual Expenditure lower than Anticipated</i>
Sport & Recreation	-	-	-	0.0%	
Environmental Protection	-	-	-	0.0%	
Waste Management	35 403 681	37 153 547	(1 749 866)	-4.7%	
Road Transport	23 984 171	27 209 851	(3 225 680)	-11.9%	<i>Actual Expenditure lower than Anticipated</i>
Water	47 453 870	50 232 922	(2 779 052)	-5.5%	
Electricity	65 168 783	68 098 087	(2 929 304)	-4.3%	<i>Actual Expenditure lower than Anticipated</i>
Other	1 021 577	1 151 551	(129 974)	-11.3%	<i>Actual Expenditure lower than Anticipated</i>
Inter-departmental charges	(10 545 698)	(10 543 084)	(2 614)	0.0%	
<b>Total Expenditure</b>	<b>265 217 814</b>	<b>318 150 443</b>	<b>(52 932 629)</b>	<b>-16.6%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>86 604 423</b>	<b>18 114 638</b>	<b>68 489 785</b>	<b>378.1%</b>	

**APPENDIX E(2)**

**SALDANHA BAY MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008**

	<u>2008 Actual</u>	<u>2008 Under Construction</u>	<u>2008 Total Additions</u>	<u>2008 Budget</u>	<u>2008 Variance</u>	<u>2008 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus Budget</u>
	R	R	R	R	R	%	
Executive & Council	99 355	3 000	102 355	121 682	(19 327)	-15.9%	Expenditure lower than anticipated
Finance & Admin	2 586 894	72 574	2 659 467	4 444 652	(1 785 185)	-40.2%	Expenditure lower than anticipated
Planning & Development	548 263	-	548 263	2 065 391	(1 517 128)	-73.5%	Expenditure lower than anticipated
Health	-	-	-	-	-	0.0%	
Community & Social Services	3 787 817	5 609 310	9 397 127	18 741 661	(9 344 534)	-49.9%	Expenditure lower than anticipated
Housing	13 006 093	778 552	13 784 646	24 292 388	(10 507 742)	-43.3%	Subsidies budgeted for, but not received
Public Safety	313 094	-	313 094	568 642	(255 548)	-44.9%	Expenditure lower than anticipated
Waste Management	7 635 088	978 794	8 613 882	11 514 175	(2 900 293)	-25.2%	Expenditure lower than anticipated
Road Transport	4 501 365	1 096 662	5 598 027	8 379 521	(2 781 494)	-33.2%	Expenditure lower than anticipated
Water	2 203 660	835 923	3 039 583	7 276 753	(4 237 170)	-58.2%	Expenditure lower than anticipated
Electricity	8 057 372	2 033 697	10 091 069	13 619 417	(3 528 348)	-25.9%	Expenditure lower than anticipated
Other	1 362	-	1 362	2 000	(638)	-31.9%	Expenditure lower than anticipated
<b>Total</b>	<b>42 740 364</b>	<b>11 408 512</b>	<b>54 148 875</b>	<b>91 026 282</b>	<b>(36 877 407)</b>	<b>-40.5%</b>	

# APPENDIX F

## DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

### Grant and Subsidies Received for the Financial Year ended 30 June 2008

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June			
		R	R	R	R	R	R	R	R							
MIG	DORA	667 642	-	-	487 000	740 481	779 556	53 683	531 144	-	-	-	-	-	Yes	N/A
Housing	Dept. of Housing	1 591 194	1 987 727	5 235 003	7 034 461	2 535 724	2 499 527	1 679 499	7 308 947	-	-	-	-	-	Yes	N/A
SOF	West Coast District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	N/A
Environmental	Dept. of Environmental Affairs	-	3 252 317	201 771	4 417 953	269 045	707 469	3 250 189	759 965	-	-	-	-	-	Yes	N/A
Social Dev	Dept. of Social Development	54 000	200 000	10 000	228 025	60 680	104 955	171 816	157 349	-	-	-	-	-	Yes	N/A
National Imbizo Week	Premier of W / Cape	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	N/A
Transport	Dept. of Transport	-	-	44 000	1 025 815	-	-	680 802	-	-	-	-	-	-	Yes	N/A
Culture	Dept. of Culture	80 786	80 786	161 572	-	80 786	80 786	161 572	-	-	-	-	-	-	Yes	N/A
FMG	DORA	250 000	-	-	-	244 243	23 999	-80 642	108 138	-	-	-	-	-	Yes	N/A
Dept Min & En	Dept. of Minerals and Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	Yes	N/A
Health	Dept. of Health	-	-	-	218 795	-	-	-	218 795	-	-	-	-	-	Yes	N/A
Equitable Share	DORA	4 837 662	3 628 247	5 225 078	-	2 634 742	251 665	857 441	3 085 430	-	-	-	-	-	Yes	N/A
		7 481 284	9 149 077	10 877 423	13 412 050	6 565 701	4 447 958	6 774 360	12 169 769	-	-	-	-			

**APPENDIX G**  
**SALDANHA BAY MUNICIPALITY: STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2008**

	2007/08	2006/07	2005/06	2004/05
<b>General Statistics</b>				
Population	100 775	95 748	90 972	85 823
Number of registered voters	38 131	38 131	38 131	36 289
Area (km²)	1 767	1 767	1 767	1 767
<b>Total Valuations</b>				
- Taxable (R million)	12 789	4 687	4 322	3 986
- Non Taxable (R million)	10	114	136	136
- Residential (R million)	9 496	2 959	2 650	2 384
- General Residential (R million)	278	112	98	88
- Business (R million)	496	279	279	285
- Industrial (R million)	689	341	332	364
- Transnet/Spoornet/Portnet (R million)	81	46	8	46
- Public Works (R million)		306	369	364
- Telkom (R million)		4	4	4
- Provincial Administration (R million)	479	42	43	43
- Smallholdings (R million)	277	95	78	67
- Agriculture (R million)	513	224	176	156
- Other (R million)	480	279	285	185
<u>Valuation Date</u>	01/07/2005	01/01/2001	01/01/2001	01/01/2001
Last general valuation came into effect on 1 July 2007				
<b>Number of sites</b>				
Number of sites valued	33 032	31 572	30 062	28 462
- Residential	29 545	25 329	25 288	24 026
- Industrial	476			
- Business	446			
- Public Works		289	253	278
- Telkom		6	6	4
- Provincial Administration	68	28	25	29
- Smallholdings	548	539	503	463
- Agriculture	777	790	765	629
- Other	1 172	4 591	3 222	3 033
<b>Assessment Rates</b>				
<b>Previous WCPTC area</b>				
General : Land	1.1477 c/R	4.3615 c/R	4.2306 c/R	3.9729 c/R
: Buildings	1.1477 c/R	1.4538 c/R	1.4102 c/R	1.3243 c/R
<u>Other : Tariffs lower than general with the following % :</u>				
- : Single residential	50%	50%	50%	50%
- : Smallholdings	50%	50%	50%	50%
- : Agriculture	95%	97%	97%	50%
- : Nature Reserves	75%	75%	75%	75%
<b>Previous Langebaan area</b>				
General : Land	1.1477 c/R	4.3615 c/R	4.2306 c/R	3.3237 c/R
: Buildings	1.1477 c/R	1.4538 c/R	1.4102 c/R	1.1079 c/R
<b>Previous Hopefield area</b>				
General : Land	1.1477 c/R	4.3615 c/R	4.2306 c/R	3.9729 c/R
: Buildings	1.1477 c/R	1.4538 c/R	1.4102 c/R	1.3243 c/R
<u>Pensioners :Tariff lower than single residential with the following %</u>				
not exceeding income of R20 880 p.a.	40%	40%	40%	40%
not exceeding income of R23 000 p.a.	30%	30%	30%	30%
not exceeding income of R25 300 p.a.	20%	20%	20%	20%
Number of employees in service	901	802	766	778
<b>Cleansing Statistics</b>				
Km completed	318 240	284 987	501 864	489 210
Refuse removed (m³)	154 548	142 179	136 912	131 051
Cost per m³ removed	108.91	89.52	83.41	114.26
Income per m³ removed	139.87	112.83	123.86	111.40
Number of removals per month	26 429	24 579	24 147	23 218
<b>Sewerage Statistics</b>				
Sewerage water purification (Ml)	5 897	3 335	2 900	3 052
Cost per kl purified	3.43	4.25	2.90	3.85
Income per kl purified	4.35	7.50	5.09	4.33
<b>Electricity Statistics</b>				
Units (kWh) purchased ('000)	220 804	215 349	207 648	202 168
Purchase cost : cent per kWh	19.72	17.01	20.28	17.17
Units (kWh) sold ('000)	198 473	194 278	187 288	183 780
Units (kWh) lost				
with distribution ('000)	22 331	21 071	20 359	18 388
Percentage loss on distribution	10.11	9.78	9.80	9.10
Cost per unit sold	0.34	0.30	0.30	0.28
Income per unit sold	0.40	0.43	0.36	0.34
Number of consumers	19 173	18 793	18 531	18 222
<b>Water Statistics</b>				
Kl purchased ('000)	12 779	12 624	11 554	10 883
Purchase cost per kl	R 2.39	R 2.28	R 2.24	R 1.85
Kl sold ('000)	11 217	10 914	10 975	10 094
Kl lost on distribution ('000)	1 562	1 710	578	789
Percentage loss on distribution	12.22	13.55	5.01	7.25
Cost per Kl sold	4.80	4.08	3.21	3.80
Income per Kl sold	6.26	6.55	5.41	5.37
Number of consumers	22 429	21 728	21 179	20 634